Supplement to The New-York Times.

NEW-YORK, WEDNESDAY, DECEMBER 28, 1859.

THE EXECUTIVE DEPARTMENTS.

THE TREASURY.

Report on the State of the Finances.

TREASURY DEPARTMENT, Dec. 5, 1859.

SIR: In compliance with the act of Congress entitled "An act supplementary to an act to establish the Treasury Department," approved May 10, 1800, I have the honor to submit the following report:

On the 1st day of July, 1858, being the commencement of the fiscal year 1859, the balance in the Treasury was $6,398,316 10
The receipts into the Treasury during the fiscal year 1859 were as follows:
For the quarter ending Sept. 30, 1858:
From customs $13,444,520 28
From public lands 421,171 84
From miscellaneous sources 959,987 34
From treasury notes 405,200 00
From loan authorized by act of June 14, 1858 ...... 10,000,000 00—25,230,879 46
For the quarter ending Dec. 31, 1858:
From customs 9,054,228 60
From public lands 402,190 97
From miscellaneous sources 306,290 24
From treasury notes ...... 1,122,000 00—10,884,619 91
For the quarter ending March 31, 1859:
From customs $12,786,252 19
From public lands 490,947 78
From miscellaneous sources 503,319 58
From treasury notes 160,000 00
From loan authorized by act of June 14 1858 ...... 8,535,000 00—22,475,519 55
For the quarter ending June 30, 1859:
From customs $14,280,823 31
From public lands 442,876 71
From miscellaneous sources 313,052 17
From treasury notes 7,980,200 00
From loan authorized by act of June 14, 1858 ...... 85,000 00—23,101,452 19

The aggregate means, therefore, for the service of the fiscal year ending June 30, 1859, were $88,090,787 11

The expenditures during the fiscal year ending June 30, 1859, were as follows:
For the quarter ending Sept. 30, 1858 ...... $21,708,198 51
For the quarter ending Dec. 31, 1858 ...... 17,956,347 85
For the quarter ending March 31, 1859 ...... 17,874,779 86
For the quarter ending June 30, 1859 ...... 26,212,185 35
Total $83,751,511 57
Which amount was applied to the various branches of the public service as follows:
Civil, foreign intercourse, and miscellaneous $23,635,820 94
Service of Interior Department, (Indians and pensions) 4,753,972 60
Service of War Department 23,243,824 38
Service of Navy Department 14,712,610 21
Public debt 17,405,285 44
Total $83,751,511 57

As exhibited in detail in statement No. 1.
Deducting the expenditures during the fiscal year 1859 from the aggregate means during the year, a balance remained in the Treasury, on July 1, 1859, of $4,339,275 54
From the 1st July to the 30th September, 1859, being the first quarter of the current fiscal year 1860, the receipts into the treasury were as follows:
From customs $15,947,670 62
From public lands 470,244 62
From miscellaneous sources 379,650 61
From treasury notes 3,611,300 00
From loan authorized by act of June 14, 1858 ...... 210,000 00—20,618,865 85
The estimated receipts during the three remaining quarters of the current fiscal year are as follows:
From customs $40,000,000 00
From public lands 2,000,000 00
From miscellaneous sources 1,500,000 00
From treasury notes 5,756,400 00
From loan authorized by act of June 14, 1858 ...... 1,170,000 00—50,426,400 00
Making the aggregate of ascertained and estimated means for the current fiscal year, ending June 30, 1860 ...... 75,384,541 39

The expenditures for the first quarter of the current fiscal year 1860, that ending Sept. 30 1859, were:
For civil, foreign intercourse and miscellaneous $4,748,130 89
For service of Interior Department, (Indians and Pensions) 1,739,176 11
For service of War Department 5,473,949 10
For service of Navy Department 3,341,551 90
For Public Debt 4,664,366 76
Total 20,007,174 76
The probable expenditures from appropriations heretofore made by law, during the three remaining quarters of the current fiscal year to June 30, 1860, are estimated at 40,995,558 23
Making the expenditures for the current fiscal year under existing authority 61,002,732 99
Deducting this aggregate expenditure from the aggregate of the before-estimated means for the current fiscal year 1860, will leave an estimated balance in the Treasury on the 30th June, 1860, of $14,381,808 40

Estimates for the fiscal year from July 1, 1860, to June 30, 1861.
Balance in the Treasury July 1, 1860, as above stated $14,381,808 40
Estimated receipts from customs from July 1, 1860, to June 30, 1861 ...... 60,000,000 00
Estimated receipts from public lands from July 1, 1860, to June 30, 1861 ...... 4,000,000 00
Estimated receipts from miscellaneous sources from July 1, 1860, to June 30, 1861 ...... 2,225,000 00
Aggregate receipts $80,606,808 40
Estimated expenditures from permanent appropriations $8,173,582 48
Estimated expenditures from unexpended balances of appropriations 12,262,452 75
Estimated expenditures from new appropriations estimated for 46,278,891 56
Total $66,714,926 79
Deducting the aggregate estimated expenditures from the aggregate estimated receipts into the Treasury during the fiscal year from July 1, 1860, to June 30, 1861, as above stated, the estimated balance will remain in the Treasury on the 30th June, 1861, of $13,891,879 61

The failure of Congress at its last session to pass the bill for the service of the Post Office Department renders necessary appropriations for that department which must be paid during the present fiscal year. As these amounts are not contained in the preceding statement, it will be necessary to consider them, in order to arrive at the true condition of the Treasury at the close of the present and next fiscal years.

It will be seen from the communication of the Postmaster General, accompanying my report on the estimates, that there will be required to pay the deficiency in that department for the fiscal year ending the 30th of June, 1859, the sum of $4,296,009; and to supply the deficiency for the present fiscal year ending the 30th of June, 1860, the further sum of $5,526,324. In addition to these amounts, the Secretary of the Interior submits an estimate for the sum of $539,350, which he will require during the present fiscal year to carry out certain Indian treaties approved at the close of the last session of Congress. These three sums, amounting to $10,361,683, must be met during the present fiscal year, and must therefore be deducted from the estimated balance in the treasury on the 30th of June, 1860, which will leave in the treasury at that time an estimated balance of $4,020,125 40, and an estimated balance on the 30th of June, 1861, of $3,530,196 61. This last amount will be increased to the extent of the unexpended appropriations for the next fiscal year which may remain in the treasury undrawn on the 30th of June, 1861.

It will be seen that there will be no necessity to provide additional means for the Treasury, provided the receipts should be equal to the estimates, and the appropriations made by Congress do not exceed the amounts estimated for by the department.

I submit, with much confidence, the estimate of probable receipts during the present and next fiscal years. It is based upon the operations of our trade and commerce for the last twelve months, and upon the conviction that the business of the country will continue in its present state of comparative prosperity.

At the last session of Congress I submitted an estimate of the probable receipts into the Treasury for the then three remaining quarters of the fiscal year ending the 30th of June, 1859. The result has approximated the estimate with unprecedented accuracy—the actual receipts being $38,579,391, while the estimate was $38,500,000—and as the present estimates are based upon similar data, it should greatly strengthen the confidence to be put in their correctness.

Some apprehension has been felt that the large amount of imports during the last twelve months would be attended with unhappy results in the business of the country. This apprehension would be well founded if the facts showed that the imports exceeded the wants of the country and its ability to pay for them. The imports during the last fiscal year (as will be seen by reference to table 7) were $338,768,130, while the exports for the same period were $356,789,462, showing an excess of exports over imports of $18,021,332. As large as the imports of the last fiscal year were, they have gone into consumption. Table 47 exhibits the amount of goods in warehouse at New-York, on the 1st of November, for a series of years. It will be seen that the amount on hand on the 1st of November last does not exceed the amount in previous years, when the country was highly prosperous and its business steady and regular. These figures do not exhibit an unhealthy state of trade and business. One fact, however, connected with our exports has attracted much attention, and led many to believe that we were importing beyond our ability to pay; I allude to the increase of specie in our export tables. If specie occupied in the business of the country only the position of a circulating medium, and the supply was limited accordingly, there would be just ground for this apprehension; such, however, is not the case. It constitutes an important element in the list of our productions; and, like all other productions, where the quantity exceeds the legitimate demands of the country for use and consumption, it becomes a very proper article for export.

It is estimated that since 1848 California has produced over five hundred millions of gold. Would her condition have been improved by retaining that amount of specie within her limits, to the exclusion of those articles required for the use of her citizens, and in exchange for which this specie has been sent to the Atlantic and abroad? During the same period Georgia has produced more than five million bags of cotton. The same policy which would require California to retain her gold, beyond the legitimate wants of her people, would with equal propriety require Georgia to retain within her limits the excess of the production of cotton over the wants of her people. The argument is as applicable to all the States as to one, and I have used the illustrations of single States only because they were more marked and striking. Unless the export of specie goes to the extent of violating this manifest principle, it constitutes no just ground of alarm or anxiety. In this connection it should be observed that the large excess of specie exports commences with the discovery of the California mines, and has increased very much in proportion to their increased production, as will be seen by reference to table 8, which exhibits for a series of years the amount of our export of specie. The exact amount of the production of the California mines during this period is not known, but it is believed that it exceeds very largely the amount which has been generally stated. We have no reliable mode of ascertaining it; but, from the best information I have been able to obtain, I should estimate the amount for the last year at not less than seventy millions of dollars.

Whenever the export of specie shall exceed proper limits, the effect will soon be seen and felt in the financial and commercial operations of the country. It would probably be first exhibited in the specie basis of the banks, showing an increased proportion of circulation and deposits to the amount of specie in their vaults, and this would soon be followed by derangement and depression in the general trade and business of the country. At present there is no evidence that either of these results are to be apprehended. By reference to table 9 it will be seen that the specie basis of the banks, (when the tables for 1859 were prepared,) as compared with their circulation and deposits, is more favorable than in 1850, the year preceding the increase of specie exports. It is probable that some change has occurred since the last bank reports; of that we have no reliable information; but it is not believed that it will materially vary the general proposition. It is appropriate here to remark, that in view of the large and constant increase of the production of the precious metals, the country should look to the policy of substituting specie to a great extent for the present paper circulation. The process should be gradual, and whilst it would not derange the business of the country, would operate as a wholesome check upon banking and overtrading. The adoption of an independent treasury system by the several States, as recommended in a former report, would go far towards the accomplishment of this desirable result.

There is no mode of ascertaining the amount of specie in general circulation. All estimates on that point are purely speculative. During a prosperous condition of the country it no doubt increases with the demands of business; and whenever from any cause the supply is below the wants of the country, it will be manifested by a depression in trade and general embarrassment. Until these indications appear, we may safely calculate that there has been the usual and necessary increase.

With some persons the idea seems to prevail that we are necessarily overtrading with those countries to which our specie is carried, and as the most of it goes to the ports of Great Britain, they conclude that we are, therefore, buying too largely of British productions. The fact that payments are made in England must not be considered as conclusive evidence that the debt has been contracted in the course of our trade with that country. By reference to table 10 it will be seen that our imports for the year ending June 30, 1859, from the East and West Indies, and other countries named in the table, exceed our exports to those countries to the full extent of the excess of our export of specie. It will also be observed that the articles which we import from those countries are articles of necessity, and generally such as are not produced in our own country. These articles must be had, and if we cannot furnish in exchange for them any other of our productions, they must be paid for in specie; and it is not material whether the specie for that purpose is sent to London or to the foreign port of exportation. If this branch of trade consumes the excess of specie exports, it would leave our commercial operations with all other countries upon a safe basis, even in the estimation of those who indulge so many apprehensions on account of our heavy exports of specie. It should be observed in this connection, that our exports to Great Britain for the last fiscal year exceed our imports about fifty millions; the excess, to a great extent, being applied to the payment of the demands of the countries to which I have just referred.

These views are submitted to the consideration of Congress in support of the opinion that we may look with confidence to a continued increase in the business of the country. The natural tendency in times of prosperity is to extravagance and overtrading, and this feeling should not be stimulated. If indulged, it will in the future, as it has done in the past, lead to revulsions and embarrassments; but there is no serious danger to be apprehended if the increased business of the country continues to bear a proper proportion to those natural causes which produce and sustain it.

Entertaining these views, I do not doubt that the actual receipts into the treasury for the present and next fiscal years will be fully equal to the estimates. The only remaining question in connexion with the estimates to be considered is the probable demands upon the treasury during this period. If the appropriations made at the present session do not exceed the amount contained in the estimates, it is believed that they can be met with the ordinary and extraordinary receipts already provided for by law. The estimated balance that will be in the treasury on the 30th June, 1861, is only $3,530,196 61, and leaves no margin for additional appropriations. If, therefore, the appropriations should exceed the estimates, or Congress should determine to provide within this period for the payment of any portion of the public debt, it will become necessary to make provision for such contingencies. The idea of increasing the public debt to meet the ordinary expenses of the Government should not be entertained for a moment. If additional demands are created upon the treasury by the legislation of the present Congress, provision must be made to meet them by such increase of tariff duties as may be required for that purpose. In such an event I would respectfully refer Congress to my last report, as containing the views of the department on the subject.

A critical examination of the estimates for the next fiscal year, submitted to Congress, will exhibit considerable reduction from former estimates. The remark is applicable to every department where any discretion can be exercised over the expenditure. In most cases the amounts are fixed by law, and can neither be increased nor diminished by the head of the department. I have endeavored to enforce the strictest economy in the various branches of the Treasury Department. In the single branch for collecting the revenue the expense has been materially reduced by adopting and carrying out, where the power existed, the reforms recommended in the bill for reorganizing the collection districts of the United States, &c., submitted by the department to the last Congress. With further reductions which it is contemplated to make, I have felt warranted in reducing the estimate for the expense of collecting the revenue for the next fiscal year five hundred thousand dollars. The passage of the bill to which I have referred would greatly aid the department in this work of reform.

The public debt on the 1st July, 1858, as stated in my last annual report, was $25,155,977 66. The act of June 14, 1858, authorized an additional loan of $20,000,000, which has been accordingly negotiated. Of this $18,620,000 had been paid into the treasury, and the stock issued therefor on the 1st of July, 1859, the commencement of the present fiscal year. A portion of the remainder has been since paid, and the stock therefor issued. The balance will doubtless be soon completed, which will make the permanent public debt $45,155,977 66.

Of the temporary public debt authorized by the act of December 23, 1857, providing for the issue of $20,000,000 in treasury notes, there were outstanding on the 1st July, 1858, as shown by my last report, $19,754,800. On the 30th June, 1859, the close of the last fiscal year, the amount of these notes outstanding was $15,046,800. The details of the various descriptions of the public debt on the 30th June, 1859, are shown by the statement marked 3.

In the estimated means of the Treasury for the present and next fiscal years, it will be seen that no provision is made for the permanent redemption of any portion of the twenty millions of Treasury notes. The authority for re-issuing these notes will expire on the 30th June next, and it will therefore be necessary for Congress to extend the law for that purpose for another period.

On the 21st of January last, I submitted to the House of Representatives, in answer to resolutions of that body, a report in reference to the export and import trade of the United States with Great Britain and France. The investigation which I was required to make for that purpose brought to my attention the various systems adopted by different countries of obtaining and keeping commercial statistics. These systems are so variant that I found it impracticable to institute any comparison of the facts exhibited in the tables of different Governments, which could be regarded as accurate and reliable. Every commercial man will pronounce such a state of things an evil of great magnitude, and one which demands a prompt remedy, if it can be found.

To avoid a recapitulation of the views presented in that report, and for the purpose of bringing the subject to the attention of the present Congress, I append to this report a copy of that communication, (marked 11,) and would ask for it a consideration at this time. I do not know a greater benefit that could be conferred upon the commercial interest of the country, at so small an expense, than the adoption by the leading commercial Governments of the world of a uniform system of commercial statistics—a uniform unit and currency, and uniform weights and measures. Upon one branch of the subject, valuable suggestions will be found in the accompanying report of the Director of the mint. The importance of the subject cannot be overestimated, and it is hoped that it will receive the careful consideration of Congress at its present session.

I must again call the attention of Congress to the provisions of the act of March 3, 1857, on the subject of deposits by disbursing agents, and repeat the recommendations heretofore made for its modification. In my former reports I have presented the reasons for some change of that act so fully that I deem it unnecessary to do more at this time than to refer to those reports, and, for the reasons therein stated, again to request the action of Congress on the subject.

The attention of Congress is particularly called to the accompanying report from the engineer in charge of the Bureau of Construction. It gives a full and detailed account of the operations of that Bureau, charged with the construction of the various public buildings under the direction of this Department. The principal buildings now in process of construction are the Treasury extension, in this city, and the Custom-houses at Charleston and New-Orleans. These buildings were commenced under the direction of Congress before I came into office. Each of them was planned on an expensive scale, and large amounts had been expended in their erection before my connection with this Department. For this neither my predecessors nor myself are responsible. Our duty in the premises has been simply executive. Under these circumstances I submitted, at the last session of Congress, estimates for continuing the work upon them during the present fiscal year. Having been commenced, I deemed it sound policy and true economy to prosecute the works with energy to their completion. The estimates submitted at the last session were made under that conviction. Congress took a different view of the subject, and reduced the estimates to a point which seemed to look merely to the duty of preserving the unfinished works from injury, and suspending, for the present, at least, their completion. In accordance with the policy thus indicated, I directed the operation on all these buildings to be brought within the means at the disposal of the Department, and when those means were exhausted to stop the work. The report of the Engineer in charge will show that these directions have been thus far complied with. The balances of former appropriations will soon be exhausted, when all further operations will be suspended. In accordance with the policy so clearly indicated by the action of the last Congress, I have only estimated for a sufficient sum to keep them from injury for the next fiscal year. If Congress should adopt a different policy at the present session, and determine to continue operations on these works, I would respectfully refer to the report of the Engineer in charge for estimates of the amounts that will be required during the next fiscal year.

I would again invite the attention of Congress to the subject of marine hospitals. The facts submitted, as well in the last as in the present report of the engineer in charge of the Bureau of Construction, demand an investigation of the subject by Congress. The views which I have heretofore presented are strengthened by each year's experience, and I would again press them upon the consideration of Congress. Three new hospitals have been completed, and are ready to be put in operation. Before it is done, the necessity and propriety of the step should be considered in the light of the facts presented in the reports to which I have referred. The refusal of the last Congress to authorize any additional buildings of this character would indicate a concurrence with the views of the Department on the subject. It only remains to be determined what disposition should be made of those which have already been erected.

In reference to other public buildings authorized by previous acts of Congress, and heretofore suspended for the want of means, steps have been taken to secure the selection of proper sites. Plans and specifications are being prepared with a view of commencing their erection when it can be done with a due regard to the condition of the treasury. The policy of the last Congress, in suspending the work upon those already in process of construction, would indicate that new ones should not be commenced until provision is made for the completion of those already begun.

The condition of the Louisville and Portland Canal is so anomalous as to require the action of Congress. Under the amended charter of the State of Kentucky of Jan. 21, 1842, the stock previously belonging to individuals has been redeemed from the earnings of the canal, except that a single share each is held by certain persons to qualify them to act as directors of the corporation. The act of the State of Kentucky of Feb. 22, 1844, provides that when the United States shall become the sole owner of the canal the jurisdiction of the State over it shall be yielded to the United States.

The amount advanced from the Treasury for the construction of this Canal was $233,500, and the amount of dividends paid into the Treasury up to 1842 is $255,182 48, so that in fact the whole cost of the stock held by the United States had been reimbursed previous to the amended charter. Since that charter, and the redemption of the stock of individuals under its provisions, the earnings of the Canal have been applied to its improvement by the Directors, and whenever the amount has exceeded that requirement, it is understood the tolls have been reduced. No revenue has been received from it since that period, and none is contemplated.

Under the laws of Kentucky the United States are substantially owners of this canal, but no authority has been given to supersede the corporation in its management, no action having been had by Congress on this subject since the amended charter by Kentucky. Under these circumstances I would refer the whole subject to Congress for such action as they may deem proper.

The annual report of the Director of the Mint is herewith transmitted, (marked 12,) as also the reports of the various Bureaus of the Treasury Department, (marked from A to L.) They contain much interesting information in connexion with their respective branches of the public service.

The report of the Superintendent of the Coast Survey will be laid before Congress at an early day.

HOWELL COBB, Secretary of the Treasury.

THE POST-OFFICE DEPARTMENT.

Report of Postmaster-General Holt.

POST OFFICE DEPARTMENT, Dec. 3, 1859.

SIR: In the month of March last, the sudden decease of my enlightened and deeply lamented predecessor, immediately preceded as it was by the death of the Third Assistant Postmaster-General—so long and so honorably connected with the administration of the postal revenues—filled this department with discouragement and gloom. Associated with this double calamity came another which awakened painful anxieties, not only from its intrinsic magnitude, but from the fact that the history of the Government, from its foundation, furnished no parallel for such a disaster. My allusion is, of course, to the failure of Congress to pass the customary appropriation bill for the support of the Post Office Department, whereby, with all its responsibilities resting upon it, and the fulfillment of all its duties demanded by the country, it was still deprived of the use of its own revenues, and thus necessarily of all means of complying with its engagements to the faithful officers toiling in its service. The ordeal so unexpectedly prepared for it was, in all its aspects, as novel as it was perplexing, and disquieting apprehensions were naturally felt for the result. When, however, from high political considerations, the President announced his purpose not to convene Congress in special session, and the full measure of the crisis was thus revealed, the contractors and others charged with the maintenance of the postal administration, manifested everywhere a determination to meet the emergency with courage and with a lofty public spirit. With very rare exceptions, every duty pertaining to the transmission and delivery of the mails, has been performed as cordially and faithfully, during the last nine months, as at any former period. While, however, this is referred to with gratification, and cannot be too warmly commended, it must not be forgotten that this fidelity, in the midst of abandonment and privation, has cost a numerous and deserving class of public servants severe pecuniary sacrifice. Feeling anxious that they should be relieved as far as possible from the embarrassments in which they were so suddenly involved, statements evidencing the indebtedness of the department to its contractors and agents have been issued to each, in the hope that in the easy condition of the money market, their holders might obtain advances upon them without serious loss. It is to be feared, however, that those, whose circumstances obliged them to dispose of these securities, have in many cases been compelled to submit to a heavy discount. I would most earnestly urge upon Congress the necessity of making an early appropriation to meet all the existing liabilities of the department. As the faith of the Government has been broken, not only should the principal of these debts be promptly paid, but interest on them should also be allowed. In many instances this may prove but an imperfect indemnity for the damage which the creditors of the department have actually sustained, but this much, at least, is due from the gravest considerations of public justice and policy, and cannot, in my judgment, be withheld without national dishonor.

REVENUE AND EXPENDITURES.

The actual (paid) expenditures of the department in the fiscal year ending June 30, 1859, amounted to $11,458,083 63

For transportation of inland mails, including payments to route agents, local agents, and mail messengers $8,112,996 68
For transportation of foreign mails to wit:
New-York to Liverpool $83,177 30
New-York to Havre 136,172 41
New-York to Bremen 84,151 38
New-York, by Havana, to New-Orleans 17,213 48
New-York to Havana 3,089 34
Charleston to Havana 60,000 00
New Orleans to Vera Cruz 2,810 73
Aspinwall to Panama 100,000 00
Agencies at Panama and Aspinwall 2,936 77
Transportation agents ...... 4,927 84— 494,428 95
For California mails under *special* appropriations, to wit:
Panama to Astoria, from Oct. 1, 1855, to June 30, 1859 ...... $261,937 50
San Francisco to Olympia 122,500 00
New-Orleans to Ventoza, from Nov. 1, 1858, to June 30, 1859 ...... 166,666 67— 550,304 17
For compensation to Postmasters 2,453,900 97
For clerks in Post-offices 929,900 23
For ship, steamboat, and way letters 14,496 66
For office furniture for Post-offices 2,187 35
For advertising 46,468 26
For mail bags 57,352 92
For blanks 44,917 59
For mail locks, keys and office stamps 6,709 65
For mail depredations and special agents 52,081 55
For postage stamps 40,655 61
For stamped envelopes 49,138 43
Carried forward $10,855,239 22
Brought forward $10,855,239 22
For wrapping-paper 31,318 35
For payments to letter-carriers 187,037 83
For miscellaneous payments 181,618 21
For payments for balances due on British mails 146,966 81
For payments for balances due on Bremen mails 5,734 21
For payments for balances due on Hamburg mails 9,237 15
For payments for balances due on French mails 40,911 85
Total of actual (paid) expenses $11,458,083 63

But to this must be added the ascertained liabilities of the Department, which could not be paid owing to the failure of Congress to make the usual appropriations, and which now constitute a deficiency to be provided for to June 30, 1859 ...... 4,296,009 26
Total of actual (paid) expenditures and liabilities $15,754,092 89

This sum includes $789,599 56 appropriated by special acts of Congress out of the general treasury, which, being deducted, leaves the actual (paid) expenditures $10,668,484 07, instead of $11,458,083 63, and the total of expenditures and liabilities $14,964,493 33, instead of $15,754,092 89.

If there be added to $11,458,083 63 the sum of $55 96, closed by suspense, and the sum of $627 26 gained on the bad debt account be substracted, then the actual expenditures, as adjusted in the Auditor's Office, will be $11,457,512 33.

The gross revenue for the year 1859, including receipts from letter carriers and from foreign postages, amounted to $7,968,484 07, as stated below:
Letter postage $906,631 78
Registered letters 25,052 95
Stamps sold 6,158,145 90
Newspapers and pamphlets 589,352 39
Fines 50 00
Receipts on account of emoluments 79,010 07
Receipts on account of letter-carriers 187,037 83
Receipts on account of dead letters 3,134 79
Extra compensation overcharged ...... 1,?03 84
Miscellaneous receipts ...... 19,0?4 52
Total revenue $7,968,484 07

Being an increase of 6 per cent. over the revenue of the year ending June 30, 1858, but still $2,700,000 short of the actual (paid) expenditures ($10,668,484 07) as adjusted on the Auditor's books, exclusive of the permanent annual appropriations, amounting to $700,000, granted to the Department by the acts of March 3, 1847, and March 3, 1851, for the transportation and delivery of free mail matter for Congress and the Executive Departments, and the special appropriation for mail transportation.

To this amount ($2,700,000) must be added the unpaid liabilities or deficiency, as estimated on June 30, 1859, $4,296,009 26, making the total excess of expenditures for the year $6,996,009 26.

I respectfully invite attention to the highly-satisfactory report of the Auditor, hereto appended. From this interesting document I derive the following synopsis of the financial operations of the department in the past fiscal year:
The balance standing to the credit of the Department on the books of the Auditor on June 30, 1858, was $608,313 06
The receipts of the Department from all sources during the year 1859 ...... 7,968,484 07
Amount of bad debts collected 627 26
The amount of various appropriations drawn from the Treasury during the year, was $3,915,946 49
From which should be deducted 325,000 00
Being part of the appropriations of $700,000 (under acts 3d March, 1847, and 3d March, 1851) for the year 1860, applied to the service of 1859, leaving 3,590,946 49
Total receipts $12,168,370 88
The whole amount of actual (paid) expenses in the year, including $55 96 for accounts closed by suspense 11,458,139 59
Leaving to the credit of the Department July 1, 1859 ...... $710,231 29

This amount of $710,231 29 to the credit of the revenue of the department July 1, 1859, is made up of balances due from postmasters and late postmasters which have been accumulating from July 1, 1845, and can only be made available as they are collected.
For the year ending June 30, 1858, the expenditures were $12,722,470 01
And the revenue 7,486,792 86
Excess of expenditures for 1858 ...... $5,235,677 15
For the year ending June 30, 1859, the expenditures and liabilities were $14,964,493 33
And the revenue 7,968,484 07
Excess of expenditures for 1859 ...... $6,996,009 26

ESTIMATE OF RECEIPTS AND EXPENDITURES FOR 1860.

Expenditures.

The estimated cost of mail service for the year ending June 30, 1860, to be appropriated out of the revenues of the department, exclusive of the transportation of the mail from New-York and New-Orleans, by the Isthmus, to San Francisco, 9 months, to June 30, 1860, and of foreign mails, of payments for foreign postages, and to letter-carriers, is $13,641,510 00
For the transportation of the mail between New-York and New-Orleans, by the Isthmus, to San Francisco, 9 months, to June 30, 1860 ...... 187,500 00
For the transportation of the mail over the Isthmus of Panama, 9 months 75,000 00
For the transportation of the mail between San Francisco and Olympia 122,500 00
For the transportation of the mail between New-York and Havana and New-Orleans and Havana 30,000 00
For the transportation of the mail between New-Orleans and Vera Cruz 3,000 00
For transatlantic mail steamship service 325,000 00
For payments of balances due to foreign countries 300,000 00
For payments of letter-carriers 187,037 00
Estimated expenditures for 1860 ...... $14,871,547 00
The following payments have been made under special act of Congress approved March 3, 1859, (Statutes at Large, vol. XI., p. 409:)
For transportation of the mail from Panama to California and Oregon and back, from July 1 to Sept. 30, 1859 ...... 87,062 50
For transportation of the mail across the Isthmus of Panama, from July 1 to Sept. 30 1859 ...... 25,000 00
For transportation of the mail from New-Orleans, *via* Tehuantepec to Ventoza and back, from July 1 to Sept. 30, 1859 ...... 55,[illegible] 12
Total ...... [illegible]

MEANS FOR 1860.

The balance standing to the credit of the department on the books of the Auditor on July 1, 1859, was $710,221 29
The gross revenue for the year 1860, including foreign postages, fees paid in by letter carriers, and miscellaneous receipts, estimated at an increase of 4 per cent. on the revenues of 1859, making 8,287,223 00
Of the appropriations made by the acts of March 3, 1851 ...... 7,000,000 00
Of the appropriations under the 5th section of the act of June 14, 1858, deemed perpetual by the Attorney-General 358,000 00
Of appropriations, March 3, 1859 ...... 167,080 62
—— 10,272,524 91
Deficiency of means for the service of 1860 ...... $4,816,692 71
To this deficiency should be added the amount reported by the Auditor as standing to the credit of the department on June 30 1859, the entire sum being an accumulation since 1845 in the hands of postmasters, and can only be made available as collected 710,231 29
Estimated deficiency for the year ending June 30, 1860 ...... $5,526,334 00

The above estimates are increased by the cost of mail-routes between New-York and San Francisco and San Francisco and Olympia $310,000, which have heretofore been provided for by special appropriations and paid by the Navy Department, and have never appeared in the ordinary estimates of expenditures prepared by this department.

ESTIMATE OF RECEIPTS AND EXPENDITURES FOR 1861.

Expenditures.

The estimated cost of mail service for the year ending June 30, 1861, to be appropriated out of the revenues of the department, exclusive of the transportation of the mails from New-York and New-Orleans, by the Isthmus, to San Francisco, and of foreign mails, of payments for foreign postages and letter-carriers, is $14,347,538 04
For the transportation of the mail between New York and New-Orleans, by the Isthmus, to San Francisco 350,000 00
For the transportation of the mail between San Francisco 122,000 00
For transportation of the mail between New-York, and Havana and New-Orleans and Havana 30,000 00
For transportation of the mail between New-Orleans and Vera Cruz 3,000 00
For the transatlantic mail steamship service 325,000 00
For payments of balances due to foreign countries estimated 300,000 00
For payments of letter-carriers 187,037 00
Estimated expenditures for 1861 ...... $15,665,575 04

MEANS FOR 1861.

The gross revenue for the year 1861, including foreign postages, fees paid in by letter-carriers and miscellaneous receipts, is estimated at an increase of 4 per cent. on the estimated revenue for 1860, making $8,618,711 00
Of the appropriations made by the acts of March 3, 1847, and March 3, 1851 ...... 700,000 00
Of the appropriations under the 5th section of the act of June 14, 1858, deemed perpetual by the Attorney-General ...... 358,000 00— 9,676,711 00
Estimated deficiency for the year ending June 30, 1861 ...... $5,988,424 04

The above estimates are increased by the cost of mail routes between New-York and San Francisco and Olympia $372,000, which have heretofore been provided for by special appropriations, and paid by the Navy Department.

The deficiency for 1861 is estimated at $5,988,424 04, upon the assumption that the measures of reform recommended in this report will not be adopted by Congress. Should they, however, all receive the sanction of that body during the approaching session, it is believed, as hereafter shown, that the deficiency for that year would not exceed $1,342,473 90.

POSTAGE STAMPS AND STAMPED ENVELOPES.

The number of postage stamps supplied to postmasters during the year ending June 30, 1859, was as follows:

1 cent.	3 cent.	6 cent.	10 cent.	12 cent.
44,432,300	142,087,800	486,860	3,765,560	1,429,700

Whole number, 192,201,920: value $5,279,405 00
Stamped envelopes, 30,280,300, value 982,128 34
Total $6,261,533 34
Total value of postage stamps and stamped envelopes issued during the year ending June 30, 1858 ...... $5,962,787 28
Increase during 1859 ...... $298,746 06

TRANSPORTATION STATISTICS.

On the 30th of June last there were in operation 8,723 mail-routes. The number of contractors was 7,353.

The length of these routes is estimated at 260,052 miles, divided as follows, viz.:
Railroad ...... 26,010 miles.
Steamboat ...... 19,209 miles.
Coach ...... 63,041 miles.
Interior modes ...... 151,792 miles.

The total annual transportation of mails was 82,308,402 miles, costing $9,468,757, and divided as follows:

	Miles.	Cost.	Cents per mile.
Railroad	27,268,384	$3,243,974	11.9
Steamboat	4,569,962	1,157,843	25½
Coach	23,448,398	3,134,094	13.3
Interior modes	27,021,658	1,932,846	7.1

Compared with the service reported June 30, 1858 there is a decrease of 551 miles in the length of the mail routes; an addition of 3,542,911 miles to the annual transportation, being about 4.4 per cent, and of $1,673,339 to the cost, or about 21.46 per cent.

The aggregate length of railroad routes has been increased 1,579 miles, and the annual transportation thereon 1,564,932 miles; 5.84 per cent., at a cost of $415,673, or 14.69 per cent.

The length of steamboat routes is greater by 2,166 miles, and the annual transportation by 352 miles; the cost is $76,073 less, being a reduction of 6.16 per cent.

The addition to coach routes is 9,341 miles in length, 3,892,664 miles in annual transportation, or 19.9 per cent., and $1,224,250 in cost, or 64.1 per cent.

The length of inferior routes is diminished 13,637 miles, and the annual transportation 1,855,037 miles; the additional cost is $109,849; being 6.42 per cent. less in transportation, and 6 per cent. additional in cost.

Appended to this report is a table (marked —) showing in detail the mail service of every grade as existing in each separate State and Territory on the 30th of June last.

The lettings of new contracts for the term commencing 1st July last embraced five States—Virginia, North Carolina, South Carolina, Georgia and Florida.

The following table shows the new service as in operation on the 30th of September:

Conveyance.	Miles in length.	Miles of annual transportation.	Cost.
Railroad	4,230	3,830,607	$615,964
Steamboat	3,257	705,918	156,558
Coach	3,010	1,224,636	97,155
Inferior modes	29,120	5,232,834	331,824
Total	39,617	10,993,995	1,201,501

Compared with the service on the 30th of June last, in the same States, the length of the routes, by railroads and inferior modes, is increased 974 miles, and by steamboat and coach is diminished 6,242 miles; the annual transportation is diminished 943,574 miles, and the cost $2,942, divided as follows, to wit:

	Miles in length.	Annual transportation.	Cost.
Railroad	191 inc'se.	238,796 dec'se.	$19,206 inc'se.
Steamboat	2,906 dec'se.	388,642 dec'se.	17,348 dec'se.
Coach	3,336 dec'se.	1,104,313 dec'se.	88,516 dec'se.
Inferior modes	783 inc'se.	788,237 inc'se.	83,716 inc'se.

On the 30th June last there were in the service—
475 route agents, at a compensation of $368,657
3? express agents, at a compensation of 30,700
42 local agents, at a compensation of 29,518
1,549 mail messengers, at a compensation of 196,999
Total $626,174
This amount added to the cost of service as in operation on 30th June 9,468,757
Makes the total on the 30th June last $10,094,931
The reductions in the cost of the service from the 30th June to the 30th September were 657,521
Making the total amount on 30th September $9,437,410

NUMBER OF POST-OFFICES.

Whole number of post-offices in the United States on the 30th June, 1858 27,977
Number that were established during the year ending June 30, 1859 1,455
Number that were discontinued 893
Net increase of offices during the year 562
Whole number of post-offices on the 30th June, 1859 28,539
Number of offices of which the names and sites were changed 432
Number of which the appointments were made by the President 417
Number of postmasters appointed during the year ending June 30, 1859 7,548

Of these, 4,639 were to fill vacancies occasioned by resignation; 867 were to fill vacancies occasioned by removals; 295 were to fill vacancies occasioned by deaths; 292 were to fill vacancies occasioned by change of names and sites; 1,455 were to fill vacancies occasioned by establishment of new offices.

DISTRIBUTION OFFICES.

The subject of the "distribution" of letters having engaged the attention of the Department, an order was made on the 30th of April last, discontinuing thirteen of the fifty distributing offices then existing, and substituting therefor the practice of direct mailing. The high commissions allowed for the process of distribution have proved not only a heavy burden upon the revenues of the Department, but also a strong incentive to abuse. But while the order mentioned was important as a measure of economy, and as a means of preventing frauds, it was yet more desirable for the acceleration of the mails. Offices of this description were formerly a very valuable, and, in fact, indispensable element in the postal system of the country, owing to its vast extent, and the rapidity with which population spread into new districts, causing cities, towns and villages to struggle for existence with the forest and prairie, and rendering it impossible to keep pace with the names and locations of the numberless new offices demanded by the habits of a people accustomed to the constant interchange of thought and intelligence. Some offices, therefore, had to be designated as the receptacles of correspondence from a section of contiguous country, and for remailing and sending it in packages to others of similar functions, more or less distant, thence to be distributed to its destination. In this manner these offices, situated in the East and West, the North and South, mutually acted upon each other, and performed useful service. This was when the mails were carried in stages and other vehicles, and when pauses were necessarily made for the refreshment of passengers and the change of animals, allowing at the same time of "distribution" at the post-office. But as the country has become populated, the necessity for these guides to distant points has measurably ceased; and in proportion as railways have become carriers of mails, and have yielded to the public demand for ceaseless motion, has it become impossible for the process of "distribution" to be maintained, without subjecting the correspondence of the country, charged with its commercial and political intelligence, and its social sympathies, to frequent and unwarrantable delays.

The expense attending the distribution of letters, even when honestly performed, and the legitimate commission only charged, abstracts no inconsiderable sum from the postal revenues, and this is much swollen by the second and third process of the kind to which they are exposed, often by necessity, sometimes by accident and ignorance, and more frequently, it is feared, by design. But, as already intimated, this is not the only, or by any means the most serious evil which is sought to be remedied. The primary object of the whole mail system is to insure *speed* (with certainty and safety) in the transit of correspondence; and to effect this great end no unnecessary obstacle should be permitted to exist. Whether it is possible to dispense with the distributing system altogether, is a problem yet to be solved; it exists in no other country, and would be unnecessary in this, but for our great extent of territory and immense number of offices. It is evident that the list of offices of distribution should be reduced as much as possible from year to year, and that they should be established or continued only in populous cities and towns, where travel concentrates, and where mails and passengers have a temporary rest.

DEAD LETTERS.

The following resolution was adopted by the United States Senate, March 9, 1859:

"*Resolved*, That the Postmaster-General is hereby requested to state, as near as possible, in the next annual report of the service of the Post-office Department, the number of letters consigned to the Dead-Letter-office during the fiscal year, and what further legislation is necessary to diminish the number of such letters, or to provide for their return to the writers thereof."

Accordingly, I have to report that the whole number of dead letters during the last fiscal year is estimated at 2,500,000, including about 500,000 "drop letters" and 50,000 "held for postage." Deducting these two classes, the number of letters actually conveyed in the mails, and failing to reach the persons addressed, may be estimated at less than two millions (2,000,000) a year.

More than fifty per cent. of the entire accumulation of dead letters occurs at about 40 out of the 28,539 post offices, including, of course, the large cities and towns.

As to "what further legislation is necessary to diminish the number of such letters or to provide for their return to the writers thereof," I am not as yet fully prepared to report; but investigations have been set on foot and diligently prosecuted during the past several months which, it is hoped, may enable me hereafter to offer some practical suggestions.

Particular efforts have been made to ascertain the true reasons why letters, especially those with valuable enclosures, failed to reach their destination, and it is satisfactorily established, in the large majority of cases, that the fault is with the writers themselves, either in mis-directing or illegibly directing their communications. The migratory habits of the people must also be considered among the prominent causes of the accumulation of dead letters, more particularly in the western or newer portions of the country.

By way of illustration, it is stated, as the result of inquiries which have been made to a limited extent, that more than sixty (60) per cent. of the letters containing money, recently restored to the owners, failed to reach their destination entirely from being either misdirected, held for postage, or addressed to transient persons.

And in reference to dead letters, with valuable inclosures other than money, the results have been found still more glaring—over eighty (80) per cent. having been either misdirected, held for postage, or addressed to transient persons. These are the proportions of cases explained. Further investigations on this point are in progress, the result of which will hereafter be fully shown.

The attempt has also been made to sound public sentiment on the subject of restoring to the writers dead letters which do not contain inclosures of value, and from information thus far received it would seem that, in about one-third of the cases, the writers are willing to pay for recovering their letters. At the same time the fact is shown that, of this class of letters, forty (40) per cent. miscarry through fault of the writers.

The foregoing estimate of the whole number of letters consigned to the dead letter office, is based upon an actual enumeration for one quarter, ended 30th June last. A further enumeration is now in progress, and additional information is accumulating in answer to inquiries connected with the resolution of the Senate, so that I may promise a more detailed report after the expiration of the current quarter.

From what is already known, it is assumed that one million of letters become "dead" from causes entirely beyond the control of this Department or of any legislation. As to the remainder, something may probably be done, both by new laws and regulations, to diminish the number, and *certainly* something to provide for returning them *sooner*, and in larger numbers than at present to the writers.

So far as legislation is concerned, I beg leave to withhold my suggestions for the present. New instructions, to some extent, have already been issued to Postmasters, which are believed to have a good effect.

Under former regulations, many letters, especially in cities, became "dead," in consequence of being too soon withdrawn from the general delivery, and so disposed of as not to be obtainable, except when specially called for as "advertised letters," and all unclaimed letters were retained in the Post-offices until the expiration of the quarter succeeding that in which they were advertised. According to recent instructions, (limited as yet to the larger offices,) letters are to remain on hand one week before being advertised, and those unclaimed at the end of three months after advertising, to be returned to the dead letter office. Thus, offices advertising *weekly*, can never retain letters more than three months and one week at the furtherest, and those advertising twice a month, three and a-half months; while under the former rule many letters became five and six months old before being returned, and then it might possibly sometimes be nearly nine months before a valuable letter, in the usual course of business, would be restored to the owner through the dead-letter office. The retention of letters in Post-offices, even for a period of three months, is unnecessary and objectionable, in view of the importance of a speedy return of such as are valuable, and of the danger, greater or less, to which they may be exposed; and I shall therefore propose to Congress a modification of the law in this respect, so as to authorize the return of letters, under certain conditions, at still shorter periods.

Suggestions will also be offered to provide for returning to the writers letters not containing valuable enclosures.

Among other things which will require amendment by regulation is the nomenclature of Post-offices. The existence of large numbers of offices of the same name, and the close similarity of names, even in the same State, lead to many mistakes. Effort will be made to guard against such difficulties, and also against appropriating to new post-offices compound, or long and difficult names.

The whole number of dead letters, containing money, registered and sent out during the year ending June 30, 1859, was 9,726, of which 8,574 were delivered, leaving 1,152 unclaimed. The whole amount of money received was $45,718 14; amount restored to owners, $41,143 74.

The number of letters registered and sent out, containing valuable enclosures, other than money, such as bills of exchange, drafts, bonds, treasury warrants, &c., was 8,647; of which 7,738 have been restored to the owners, leaving unclaimed 909.

The amount of the enclosures was $2,503,[illegible] 11; the amount of the enclosures in sterling was £6,9[illegible] 15s. 5d.; the amount of the enclosures in francs was 104,421.

The number of dead letters returned (unopened) to foreign countries during the last fiscal year was 13[illegible], divided as follows, viz.: England, 60,310; France, 15,757; Prussia, 18,409; Bremen, 6,919; Hamburg, 1,461; Canada, 17,537; New-Brunswick, 1,7[illegible]; Nova Scotia, 1,868.

The course of business in the dead letter office seems to have remained without material, if any, change since the organization of the department in 1836, being limited to the examination of letters only so far as necessary in order to restore to the owners those containing money or other valuable inclosures; and from the amount of labor, and the small number of clerks, it has been impossible to make needed improvements. Indeed, it has been found, of late years, that even the ordinary duties could not be duly performed; and it is, therefore, now a matter of urgent importance, to provide the means of improving this interesting branch of the public service.

PENNY POST.

The system of delivering letters by carriers at the domicil of the citizen was first recognized by the act of 3d March, 1825, and has within a few years, been successfully introduced into several of our principal cities. Though constant endeavors have been made to improve it, it is still imperfect in its details, and unsatisfactory, alike to the public and to the department in its operations. The system cannot be regarded as having accomplished the object of its establishment, so long as it does not command and deliver the local correspondence of the different cities in which it exists, which thus far, it has wholly failed to do. This correspondence is now almost entirely in the hands of private expresses, whose rates are so low as to make a successful competition with them, on the part of the Government, impossible. Their charge for the delivery of a letter is generally but one cent, while this amount is necessarily exacted by the department for the carriers, and one cent in addition is collected on the local correspondence, as the postage fixed by the act of 1825, on "drop letters." Hence the aggregate postage on the city correspondence, under existing laws, which require that the system shall be self-sustaining, is at least two cents, which precludes the possibility of any successful competition with the private expresses. I therefore recommend the repeal of this provision of the act of 1825, so far as it can be construed as applying to "drop letters" delivered by carriers. This would not result in any perceptible diminution of the postal revenues, inasmuch as the correspondence which would be thus secured by the department, does not now pass through its offices. It is true that the Postmaster-General might in his discretion, arrest the operation of these private expresses by declaring the streets and avenues of the cities to which they belong to be post roads; but until the department is prepared to deliver city letters as cheaply and promptly as such companies can possibly do, I should regard the exercise of this power as unwise, if not harsh and oppressive.

Another motive for persistent effort on the part of this Department to render the delivery by carriers as perfect as possible, is found in the fact that the box system is being rapidly outgrown by the population of our principal cities, and must finally be abandoned—as it has been in European capitals. There are at present but about 4,000 boxes in the post-office of New-York, and yet even this number leads to much confusion and inaccuracy in the distribution and delivery of mail matter. Was the number augmented to 10,000—which would not more than meet the present ever-increasing demand—it is manifest that no memory would be equal to the task of associating the names with the appropriate boxes, and that the practical working of the system would become impossible. A frequent, rapid and punctual delivery, on reasonable terms, of all correspondence received at the post-offices of our great cities, is what the public have a right to claim of the Department, and what it will be its unceasing endeavor to secure to them.

NEWSPAPER EXCHANGES.

The act of 1825 authorized "every printer of newspapers to send one paper to each and every other printer of newspapers within the United States free of postage," and such is the existing law. However slight the support which this statute may seem to give to publishers, it imposes, in the aggregate, a heavy and unjust burden on the Department. The advantage thus conferred enures to the benefit alike of the publisher who sends and of him who receives the paper in exchange. I have in vain sought for any satisfactory explanation of the policy indicated by this provision. It seems far more exceptionable than the franking privilege, since the latter professes to be exercised on behalf of the public, whereas the exemption secured by the former is enjoyed wholly in advancement of a private and personal interest. The newspapers received in exchange by the journalist are, in the parlance of commerce, his stock in trade. From their columns he gathers materials for his own, and thus makes the same business use of them that the merchant does of his goods, or the mechanic of the raw material which he proposes to manufacture into fabrics. But as the Government transports nothing free of charge to the farmer, the merchant, or the mechanic, to enable them to prosecute successfully and economically their respective pursuits, why should it do so for the journalist? If the latter can rightfully claim that his newspapers shall be thus delivered to him at the public expense, why may he not also claim that his stationery and his type, and indeed everything which enters into the preparation of the sheets he issues as his means of living, be delivered to him on the same terms? It has been urged, I am aware, that postage on newspaper exchanges would be a tax on the dissemination of knowledge; but so is the postage which the farmer, merchant and mechanic pay on the newspapers for which they subscribe, a tax on the dissemination of knowledge; and yet it is paid by them uncomplainingly. If it be insisted that the publishers of newspapers, as a class, are in such a condition as to entitle them to demand the aid of the public funds, it may be safely answered that such an assumption is wholly unwarranted. Journalism in the United States rests upon the broadest and deepest foundations, and is running a career far more brilliant and prosperous than in any other nation of the world. The exceedingly reduced rates at which its issues pass through the mails secure to it advantages enjoyed under no other government. Under the fostering care of the free spirit of the age, it has now become an institution in itself in this country, and controls the tides of the restless ocean of public opinion with almost resistless sway. It is the *avant courier* of the genius of our institutions, and is everywhere the advocate of progress and of the high-

est and noblest forms of human freedom. Is it not, therefore to the last degree unseemly, if not worse, than in its own enterprises, and in furtherance of its own pecuniary interests, it should claim permission to violate habitually a great principle of which it is the constant advocate, and which underlies our whole political system—the principle of equal rights to all and special privileges to none? If, however, from the grandeur and beneficence of its mission, the Press is to be excepted from the operation of this wholesome Democratic doctrine, and is to be subsidized to the extent of its postages by the Government, then, undeniably, such subsidy should be contributed from the common Treasury, instead of being imposed, as at present, on the oppressed revenues of the Post-office Department, which, under all circumstances, should be maintained inviolate.

Into the same category, but for more cogent reasons, must fall that class of weekly newspapers which the statute of 1852 requires shall be delivered free of postage to all subscribers residing within the limits of the county in which they are published. This requisition is less sound on the score of principle than even the discrimination in favor of the press. There may be something in the characteristics of the latter—ennobled as it is as the organ of the intellect and heart of millions of freemen—which might induce many to grant to it special and distinguishing immunities; but why a citizen who chances to reside on one side of a county line shall be exempted from a postage on his newspaper, which his neighbor on the other side of that line is obliged to pay on the same paper, surpasses my comprehension. There would be more reason for exempting letters from charge, while circulating through the mails within the county in which they are written, because, being much lighter than newspapers, their transportation, of course, burdens the department less. Could contractors be found sufficiently public-spirited to transport this class of newspapers without compensation, then their gratuitous delivery might be claimed of the department at a reasonable duty. But precisely the same rate of compensation is demanded and paid for this as for every other postal service, and hence this privilege is in effect a donation of so much of the postal revenues as the service costs. This violates a fundamental law of the system, by perverting a fund confided to the Government, not to be given away, but to be carefully administered, so as to afford the largest possible mail facilities to the social and commercial intercourse of the country.

STAR BIDS.

The act of March 3, 1845, declares "that it shall be the duty of the Postmaster-General, in all future lettings of contracts for the transportation of the mail, to let the same, in every case, to the lowest bidder tendering sufficient guarantees for faithful performance, *without other reference to the mode of such transportation than may be necessary to provide for the due celerity, certainty, and security of such transportation.*"

This law is still in full force, and believing that it announces the only principle on which this Department can be successfully administered, an effort has been made to conform to the policy which it indicates. Accordingly, in advertising for the new lettings, "Star Bids"—as they are termed in the parlance of the service—will alone be invited—that is, proposals for conveying the mails with "due celerity, certainty, and security," without any designation of the mode of conveyance. The transportation and delivery of the mails with the utmost dispatch and security are the true and only mission of this Department; in accomplishing this, it discharges its whole duty to the country. The prevalence of an opinion which enlarges its obligations and the sphere of its action beyond this limit, has tended much to involve it in the embarrassments with which it is now struggling. There are those who maintain that the adjustment of the mail service should be made subservient, if not subordinate, to the interests of commerce and travel, and that the rapid and cheap conveyance of passengers, and the support of railroad, steamboat and stage companies, should be as carefully looked to and as anxiously provided for by the Department as the transportation of the mails. This is a fatal fallacy, whose bitter fruits may now be seen in the enormous sums paid to these companies for mails, some of which are so light as scarcely to yield a revenue sufficient to defray the expense of carrying them on horseback. Four-horse coaches are thus run upon border and unfrequented routes, and steamboat lines are subsidized at an outlay which would afford postal accommodations to entire States, merely that the owners of these lines may be enriched, and that the public may have easy, certain, and economical modes of conveyance for themselves, their baggage and their goods. Every dollar appropriated for such purposes is a perversion and abuse of the postal fund, and every one of these extravagant and semi-commercial contracts deprives whole communities in other sections of the country of the mail facilities to which they are entitled. The Department, from this misinterpretation of its functions, is made virtually the carrier of passengers and merchandise, and what is yet more to be deplored, a carrier without compensation.

EXPRESS MAIL AGENTS.

The employment of these officers by my predecessor on the great routes from New-York, Philadelphia and Baltimore, westward, was an experiment, the practical working of which has not justified its continuance. It has accordingly been terminated by the substitution of the baggage-masters on these routes for the agents heretofore having charge of the through mails, and thus far the results of the change have been satisfactory. The rate of compensation has been much reduced, so as to exhibit an annual saving of $19,100, as compared with the former expenditure, while the services have been secured of a class of men believed to be fully competent and faithful in the discharge of the duties which they have assumed upon themselves.

RAILROAD SERVICE.

While it is admitted that the establishment of railroads in the United States has added vastly to the celerity of mails, and to the facility with which those of great weight and bulk are transported, it is equally true that in their train of blessings have come evils, which have continued to grow with the expansion of the system, until they have at length reached a magnitude which demands that an earnest endeavor should be made for their correction. The mails were conveyed during the last year on 26,010 miles of railroad, at a cost varying from $50 to $375 per mile for transportation alone—the aggregate expenditure for this class of service being $3,243,974. To this is superadded the salaries of express, route agents and messengers, amounting to $625,174 per annum. Accompanied and delivered as the mails are by the agents of the Department, the service performed by the road is little beyond that which it performs for the shipper of a barrel of flour or a sack of grain. Why, then, is a compensation exacted for this service which is so exorbitant as compared with what would be demanded of a private citizen for the conveyance of a similar amount of freight? In Canada the compensation paid to the railroads for the conveyance of the mail is $30 per mile for day, and $10 per mile for night service, and $70 when the two services are combined. For this a separate car is furnished, which is fitted up as a traveling post-office, and serves for sorting and distributing the mails by the way. If the mails are sent as ordinary freight, under the guard of either an agent of the company or of the post-office, the charge is but two cents per mile when the weight does not exceed two hundred pounds, and for any additional weight, payment is made in the same proportion. No reason is perceived why, except upon our great trunk routes, a higher rate of compensation should be submitted to by our Government than is paid by that of Canada. Even on this latter class of roads the present rates are much too high, but on the remainder, where the mails are light, they are oppressively extravagant. The rapid multiplication of railroads—on all of which the law provides that the mails shall be carried—is constantly increasing the evil complained of. These roads are in every direction penetrating comparatively sparsely populated portions of the country and connecting with small towns, where the correspondence is necessarily limited, and if they are all to continue to enjoy this enormous subsidy at the hands of the department, however unimportant the mails carried, no very strong hope of disenthralment from its present embarrassments can be indulged. The remedy is to be found in an amendment of the act of March 3, 1845, which I would respectfully urge upon the consideration of Congress. A reduction of thirty-three and a third per cent. upon the maximum rates fixed by that act would still leave a very liberal compensation to this class of contractors. Should Congress express their concurrence in this view, it cannot be believed that the intelligent and public-spirited citizens who have the control of these roads will continue to insist on terms which it must be manifest to them, as it is to all, the resources of the Department do not enable it to meet.

Another grievance resulting from the railroad system, consists in the disinclination of many of these companies to assume upon themselves the obligations imposed on all other contractors in the service of the Department. Of the three hundred and eighteen railroad routes in the United States, there are one hundred and thirty-seven on which the mails are transported without contract. These routes are the most important from their length and the weight of the mails transmitted upon them, and yet the incorporated companies controlling them peremptorily refuse to enter into those engagements with the department which the law and the highest interests of the postal service demand. This ground was early taken by railroad companies, and, rather than inaugurate a series of controversies which might be protracted, and interrupt the regular conveyance and delivery of the mails, the department has yielded, though constantly protesting against this lawless course. The consequence has been that they have carried the mails when and as they pleased, departing and arriving at such hours, and moving at such speed, as was agreeable to them. It is true that a few of the companies have manifested a liberal spirit in coöperating with the Department in the arrangement of the schedules, but they have done this rather as a courtesy than as an acknowledgment of any obligation on their part to do so. The adjustment of the schedules is of the very essence of the postal organization, and upon its exercise the harmony and success of the whole system depend. If this right is to be given over to the vacillating counsels and conflicting interests of the numerous railroad companies, the service must lose its dignity and power, and wide-spread derangement and inefficiency necessarily ensue. The law regulating the transfer of the mails to these roads contemplates that the Department shall make a contract evidencing the terms on which the service is accepted; and the act of 1856 declares that "no person, whose bid for the transportation of the mail may be accepted, shall receive any pay until he shall have executed his contract according to law and the regulations of the Department." The course heretofore pursued, of recognizing and paying the claims of these roads, in the absence of any contract, has been in disregard of the statute cited; and it has been equally at variance with sound policy. The public weal, as well as the law, requires that railroad companies, as carriers of the mails, shall be subjected to the same wholesome discipline to which all other contractors are subjected. As fully explained in the accompanying report of the Auditor, to which reference is had, their failure to enter into these contracts creates serious and perplexing embarrassments in the collection of the revenues of the Department which should not be submitted to. With every disposition to deal with them most liberally, and with a full recognition of their value as postal agents, and of their incalculable power in developing the resources of our country and promoting the enterprises of its material civilization, still it is manifest that their present attitude—seemingly defiant in its tone, as it is disorganizing in its tendencies—cannot be endured without humiliation to the Government, and without serious peril to those great interests which it is the mission of this Department to uphold and advance. If they can successfully maintain the position they now occupy, then they control at will the movements of the mails, and virtually the Department is administered by them instead of by its appointed head. Entertaining these views, proposals will be invited from the different railroads, and the companies will be notified that after the 31st day of March, 1860, the mails will be delivered to them on condition of their entering into formal agreements, containing on their part the usual stipulations for the faithful performance of the service. The remote day mentioned has been named in order that the Department, in the execution of the new contracts proposed, might avail itself of any modification of the act of 1845 which may, in the meantime, have occurred.

PORTLAND AND NEW-ORLEANS MAIL.

Congress, by an act approved June 14, 1858, authorized the Postmaster-General "to make such arrangements for the transmission of the great through mails between Portland and New-Orleans as will insure the most speedy and certain connection, including in the route for one of the daily mails as many of the seaboard commercial cities as may be consistent with the greatest dispatch."

The irregularities and delays which had so long distinguished the transportation of this trunk mail no doubt led to the enactment of this law. The subjoined table will exhibit the averaged period occupied in its conveyance between New-York and New-Orleans during the past year, as well as the number of failures to arrive within schedule time on the two routes designated.

SOUTHWESTERN VIA KNOXVILLE.

Schedule time, five days.
Actual time, five days twenty-two and a half hours.
Arrivals in schedule time, 241.
Arrivals out of schedule time, 389.

ATLANTIC VIA WILMINGTON.

Schedule time, five and a half days.
Actual average, six days one and a half hours.
Arrivals in schedule time, 403.
Arrivals out of schedule time, 286.

Sharing fully the conviction which seems to have been entertained by Congress as to the necessity of putting this service on a better footing than it has heretofore attained, proposals were solicited for carrying this mail on the basis of a complete guarantee—no payment to be made for any trip on which there should be a failure to arrive within schedule time. As Congress named only the terminal points of the route, the same course was pursued in the invitation for proposals, and the parties bidding were thus left free to select and designate that for which they proposed. Offers were accordingly made for the character of service required on four different routes, viz:

1st. *Viâ* Boston and Springfield, Mass., Albany and Buffalo, N. Y., Cleveland, Columbus and Cincinnati, Ohio, Cairo, Ill., Jackson, Tenn., and Canton, Miss.; or *viâ* route as above, and *viâ* Pittsburgh, Penn., with a branch to and from New-York City connecting at Albany or at Philadelphia, as the Postmaster-General may prefer; or *viâ* route as above, with branches from Crestline, Ohio, by Pittsburgh, Penn., to Philadelphia, Penn., and from Harrisburgh, Penn., to Baltimore, Md., and also a branch to and from New-York City, connecting at Albany or Philadelphia, as the Postmaster-General may prefer.

2d. *Viâ* Portsmouth, N. H., Boston, Worcester, and Springfield, Mass., Hartford and New-Haven, Conn., New-York, N. Y., Philadelphia, Pa., Baltimore and Cumberland, Md., Benwood, Va., Bell-Air and Columbus, O., Cairo, Ill., Columbus, Ky., Jackson and Grand Junction, Tenn., and Jackson, Miss., with a branch from the Washington Junction to Washington, D. C.

3d. *Viâ* Portsmouth, N. H., Boston and Springfield, Mass., Hartford and New-Haven, Conn., New-York, N. Y., Philadelphia, Pa., Baltimore, Md., Washington, D. C., Alexandria and Lynchburgh, Va., Knoxville, Chattanooga and Grand Junction, Tenn., and Canton, Miss.

4th. *Viâ* Portsmouth, N. H., Boston and Springfield, Mass., Hartford and New-Haven, Conn., New-York, N. Y., Philadelphia, Penn., Baltimore, Md., Washington, D. C., Richmond, Petersburgh and Norfolk Va., Wilmington, N. C., Charleston, S. C., Savannah, Ga., and Fernandina and Cedar Keys, Fla. Norfolk to be supplied by steamboat from Baltimore, Md., and by railroad from Weldon, N. C., making two lines between Baltimore and Weldon—one *viâ* Norfolk, and one *viâ* Washington City, Savannah and Petersburgh; Savannah to be connected with the main line by steamers from Fernandina through the inland passage, and a branch mail to be conveyed once a week by steamer from Cedar Keys to Key West, Fla., and to be extended to Havana, for the passages, if desired by the Department.

Congress evidently contemplated the ultimate establishment of several routes between the termini mentioned, but as the service is an experiment, and one attended with very heavy expense, it is deemed advisable to establish but one for the present. Which that should be, must depend on a variety of considerations, the force of which can only be ascertained by a careful comparison of the time and compensation proposed, in connection with the intermediate population and correspondence to be served by the routes. While the legal authority for executing this contract may be regarded as fully conferred by the statute referred to, yet the amount of compensation demanded was so much greater than had been anticipated, that I did not feel justified, in view of the embarrassments of the department, to incur so heavy a liability without submitting the matter to the consideration of Congress. As a postal enterprise, this yields to none in its magnitude and importance, and the department shares the general solicitude for its success. I trust that Congress will either give its express sanction to the specific contract suggested by voting the necessary appropriation, or will indicate for the Department such a course of administration as shall warrant it in closing with some one of the proposals which have been received and are now held under advisement.

MISSISSIPPI RIVER MAILS.

The service between St. Paul and New Orleans was performed during the past year at an aggregate cost of $328,278. Its earnings were too inconsiderable to be the subject of serious comment. The establishment of this river route on its present basis was resisted by the Department as long as was possible, from a thorough conviction that it would involve a most deplorable waste of its revenues. This conviction, however, was unheeded, and on the 5th of August, 1854, Congress, by a mandatory act, obliged the Postmaster-General to put it into operation, irrespective of its product, and irrespective of the absence of those postal wants which the act professed to supply. The result has fully realized the anticipations and predictions of the department. Since the passage of the act referred to, more than thirteen hundred thousand dollars have been expended in the transportation of these river mails, with a return so light as scarcely to justify the designation of the expenditure as postal in its character. For a time, it is true, that the route possessed some importance, because of the through mails which passed over it; but, from the completion of various railroads, these through mails are now conveyed by land, and in consequence the river route has become essentially local, and supplies only the small offices along the banks of the Mississippi. All the large towns are or will be supplied in advance by lateral mails carried on the railroads. It is believed that the service could be performed for one-fourth of the sum which it now costs, were the department permitted to contract for it by the trip. A reduction amounting to $47,213 has been made above the mouth of the Ohio, and were a corresponding reduction made between Cairo and New-Orleans, the expenditure would be still greater than the revenue from the route would justify. The terms of the act, however, do not seem to contemplate such a curtailment as the altered capabilities of the service now imperatively demand. The matter is referred to as an illustration of the disastrous consequences which must follow from a course of legislation that takes from this Department all discretion, and constrains it to enter into engagements which place the mail service beyond the reach of that wholesome revisory power which sound policy requires shall be constantly exercised in adjusting its operations to the ever-recurring vicissitudes to which it is exposed. Believing that this route, while continued on its present footing as to compensation, falls clearly within the category of non-postal, I respectfully suggest the propriety of placing it, less its earnings, on the public treasury. The enormous amount annually drawn by it from the postal revenues is in effect, and was probably intended to be, but a subsidy in aid of Southwestern commerce, which if needed, and the nation is willing to bestow it, should unquestionably be contributed from the national funds.

PACIFIC MAILS.

On taking charge of this department, I found established and in full operation, six different routes for conveying the mails to and from California and our other Pacific possessions, viz:

	Annual cost.	Annual receipts.
1. From New York and New Orleans via Panama to San Francisco, semi monthly	$738,250 00	$299,972 69
2. From New Orleans to San Francisco via Tehuantepec, semi-monthly	250,000 00	5,276 68
3. From San Antonio via El Paso, to San Diego, semi-monthly, (weekly from San Antonio to El Paso and Fort Yuma)	196,448 00	601 00
4. From St. Louis and Memphis, via El Paso, to San Francisco	600,000 00	27,229 94
5. From Kansas, Mo., to Stockton, Cal., monthly	79,999 00	1,255 00
6. From St. Joseph's, Mo., via Utah city, to Placerville, weekly service	320,000 00	5,412 03

The gross annual disbursements for these six routes were thus $2,184,797, and the receipts from them but $339,747 66, showing a loss to the Department of $1,844,949 66 per annum.

The expenditures for local mail service in the States of California and Oregon, and in Utah and Washington Territories, during the past year, amounted to $508,697 13, which, being added to the cost of the routes named, gives a total of $2,693,394 13. The population supplied by this enormous outlay does not exceed 650,000 souls—thus exhibiting a postal expenditure of about $4 14 for each person, including all ages and conditions. The remaining $12,271,099 20 of the gross annual disbursements of the Department furnish postal facilities for 30,000,000 of people, being in the proportion of less than forty-one cents for each person. Were the inhabitants of the country east of the Rocky Mountains served by the Department at the same rate of expenditure with those on the west, it would require annually $126,893,394 for its support, instead of the $14,964,493 33 now actually expended by it. It was apparent that the whole field of postal operations offered no point more urgently calling for curtailment than these Pacific routes, and hence the action in reference to them, deemed appropriate, was taken without delay—a detailed account of which is subjoined.

NEW-YORK, NEW-ORLEANS, AND CALIFORNIA MAILS.

The contracts for these mails, *viâ* the Isthmus of Panama, expiring on the 30th September, 1859, and not being willing to extend them, because of the exorbitant compensation exacted, I invited proposals for their transportation for nine months only, in order that Congress, which has so constantly supervised this service, might have an opportunity of placing it on such basis as should be agreeable to it. The result has been the conclusion of an engagement with CORNELIUS VANDERBILT, who has stipulated for the conveyance of the mails, for the period named, at $37,500 for those to and from New-York, and $150,000 for those two and from New-Orleans—to which being added the railroad charges, amounting to $75,000, the aggregate cost will be $262,500, or, with the salary of the mail messengers added, at the rate of $351,000 per annum, and showing an annual gain, as compared with the preëxisting contracts, of $387,250.

The amount paid for the New-Orleans service is very liberal, but it has been submitted to cheerfully by the department, because of the earnest desire felt to place that commercial emporium of the South in as direct communication as possible with the Pacific. The contractor has also obliged himself to transfer these mails to the Nicaragua route at the earliest moment practicable, and from his high character and indomitable energy, connected with the vast capital which he wields, no doubt is entertained but that the pledge thus given will be promptly and faithfully redeemed. This, by avoiding the onerous Panama Railroad tariff, will still further reduce the expenses of transportation $50,000, and will establish on an enduring footing a great national thoroughfare, the opening of which has been and is an object of universal solicitude. The journey to our Pacific States and Territories will thus be shortened by some 700 miles, and permanence given to a route which must be the successful rival of that *viâ* Panama, and which, at present, is alone capable of affording adequate protection against those exactions of the Panama Railroad and Pacific Steamship Companies, which the judgment of the public has long since pronounced unreasonable and oppressive. This route, being treated as not strictly postal, has been heretofore charged on the treasury, except the $100,000 paid by the department to the Panama Railroad for the transit across the Isthmus;—the compensation stipulated for under the present contract is, however, payable out of the revenues of the department. Provision should be made for the support of this service from the treasury, less the actual earnings of the route.

TEHUANTEPEC ROUTE.

The value of this route is very clearly expressed in its receipts of $5,276 68 and its annual expenditure of $250,000. In its present condition it is comparatively useless, alike for purposes of travel and postal communication. The land portion of the transit across the isthmus—being upwards of a hundred miles in length—consists of an unpaved and imperfectly graded road, passing over a precipitous mountain, and barely practicable for wheeled vehicles, and in consequence a mail, made up of a few light sacks, is all that the contractors have carried, and all, it is presumed, that they have been able to carry since the commencement of the service. The Department was asked to continue the conveyance of the mails *viâ* Tehuantepec, to Ventosa only, at an annual compensation of $250,000, which was the rate proposed by the late contractors, but for the extension of the service to San Francisco, at the rate of $560,000 was demanded. This, added to the $150,000 paid for the New-Orleans mails by way of Panama or Nicaragua, would make a total of $710,000 expended for the Pacific mails alone, from that single city, and with a revenue therefrom not exceeding $9,435 98. This proposal was not accepted because of the extravagance of the compensation claimed, in view of the amount of postal service, which, in the actual state of the road, it is possible to perform, and because with the regular and rapid communication which New-Orleans now enjoys with the Pacific through the contract with CORNELIUS VANDERBILT, this service is unnecessary. That the mail from San Francisco, passing over this road, would be a few days in advance of that by Panama and Havana, in its arrival at New-Orleans, is admitted, but this difference will be reduced one-half by the direct service between New-Orleans and the Isthmus, provided for in the Vanderbilt contract. So slight an advantage as this in point of time, gained by so small a mail, would be too dearly purchased at the price named. Were the Gulf and the Pacific connected at this point by a railroad—which is projected—no doubt this route would become a favorite thoroughfare both for travel and the mails, and, in the judgment of many, there are political and commercial considerations which would justify the Government of the United States in assisting the company owning the right of way to construct such a road. Should this be the view of Congress, then such appropriation should be frankly made from the public Treasury, and not taken from the postal revenues under the guise of payment for a service not needed, and which is unproductive and unavailable to the Department.

SAN ANTONIO AND SAN DIEGO MAILS.

This semi-monthly was, on the 29th day of October, 1858, improved to a weekly service between San Antonio and El Paso and El Paso and Fort Yuma, and the compensation was fixed at $196,000. The product of the route during the past year, as already shown, was but $601—loss to the department at the rate of $195,399 per annum. With this conclusive indication of its want of importance and value for postal purposes, I directed that the service should, on the 1st of July last, be put on its original footing of a semi-monthly mail, and reduced the allowance to the contractors to $120,000. Whatever objects, political or otherwise, may have been contemplated by the Government in establishing this route through an almost unbroken wilderness and desert, it is clear that its continuance at the present rate of compensation is an injustice to the department. It may be convenient for the very few passengers that pass between Texas and San Diego, but as a mail accommodation it is not required in the direction of the Pacific, since the people of Texas have already secured to them a regular postal communication with that coast through New-Orleans, and also by the great overland mail. But it would be better that this mail—one of the lightest known to the department—should be sent even by way of New-York to California, than that the correspondence of the whole country should be oppressed by this enormous exaction for the benefit of a few contractors.

GREAT OVERLAND MAIL.

The service upon this extended route has been performed with great regularity, and generally within schedule time; but the contract has proved one of the heaviest burdens to which the department has ever been subjected. With an expenditure at the rate of $600,000 per annum, the postages received in return have not amounted to more than $27,229 94, so that after making allowance for such increase as may be anticipated, the department at the expiration of six years for which the contract was entered into, will have lost from this route alone more than $3,000,000. Feeling anxious to relieve, in some degree, the postal revenues from this exhausting drain, I proposed a reduction of the semi-weekly to a weekly service, which would have resulted in an annual saving, as compared with the present outlay, of $150,000. On referring the question, however, to the Attorney-General, he determined that in consequence of the customary clause giving the Postmaster-General revisory power over all mail contracts, having been omitted in this, the desired curtailment could not be legally made. The whole matter being being thus placed beyond the control of the department, the action of Congress alone is capable of furnishing the remedy desired—and I cannot too earnestly recommend its early and decided interposition. If no compromise can be effected with the parties upon terms deemed reasonable, then I would urge, as an act of simple justice, that this gigantic service, which was established at the instance of Congress, and in furtherance of great national objects, shall be at once charged upon the public treasury. Until a railroad shall have been constructed across the continent, the conveyance of the Pacific mails, overland, must be regarded as wholly impracticable. These mails, as dispatched semi-monthly, average ten tons in weight, which, if divided into semi-weekly departures, would give two and a half tons for each, thus requiring, in view of the condition of the road, ten coaches instead of the single one now employed, and costing, at the present rate of compensation, six million of dollars per annum for transportation alone, with a product of $327,202 03.

The route has now been opened, and its availability for a light mail demonstrated, so that should war occur with any maritime power, threatening embarrassment to our ocean mails for the Pacific, the service could, without delay, be reëstablished on its present basis. Were it otherwise, that contingency is deemed too remote to justify the continuance of so enormous a tax upon the correspondence of the country. Such morbid caution and apprehension could not but be recognized as illustrating in miniature the folly of that policy which would keep our army and navy perpetually on a war footing, merely because once or twice in a century, the amicable relations of the republic with other nations are liable to be disturbed.

THE KANSAS AND STOCKTON MAIL.

This route, put in operation at an annual expense of $79,999, having, in consequence of the alleged hostility of the Indians and other causes, proved a failure, and being unnecessary for postal purposes, it was, on the 30th of June last, discontinued. The proceeds of $1,225 credited to it, were realized for the local service between Kansas City and Neosho and Albuquerque. During the period of nine months that it was in operation, there were but four arrivals of through mails at Kansas, and but two at Stockton. The whole mail matter received at Kansas from Stockton consisted of two letters and twenty-six newspapers; while it appears from the returns that but a single letter reached Stockton from Kansas. Another peculiarity of this service was, that it extended for 825 miles, between Westport and Santa Fé, directly along the line of another route, the contractor for which carried, as is supposed, for some trifling compensation, this exceedingly light and unimportant mail, for the transportation of which, as shown, the department was then paying at the rate of some $80,000 per annum.

INDEPENDENCE, SALT LAKE CITY, AND PLACERVILLE MAILS.

This connection with the Pacific was formerly a monthly service, but, in consequence of the threatened rebellion of the Mormon population, it was improved to a weekly mail at an annual compensation of $320,000—the product being but $5,412 03. The object of this improvement was to enable the Government to communicate regularly and rapidly with the troops engaged in active military operations in Utah. Tranquillity having been restored to that Territory, and the department having been assured by the Secretary of War that a weekly mail was no longer needed for the purposes of the Government, a reduction to a semi-monthly service was ordered to take place on the 30th June last, which, after making the most liberal allowance to the contractors, will save to the department $115,000 per annum.

It will be thus seen that in consequence of the action which has taken place in reference to these Pacific routes, the annual expenditure upon them has been diminished $399,697. The $1,276,000 still required for their support, on this improved basis, is very far beyond what an enlightened and just administration of the finances of the department would warrant.

ISABEL SERVICE.

For the last five years, the mails between Havana and Charleston and Savannah have been conveyed in a steamship—the *Isabel*—performing semi-monthly trips at an annual compensation of $50,000, authorized by Congress, but payable out of the revenues of the Department. The postages received from these mails during the past year amounted to but $10,057 66. The contract, involving thus a loss of nearly $50,000 per annum, was in its operation of a most oppressive character, and upon its expiration on the 30th of June, its renewal was declined. Fortunately for the public interests the approaching completion of the Florida Railroad enabled the Department to send these mails across the Peninsula from Fernandina to Cedar Keys, where they connect with the gulf mail steamers from New Orleans and proceed directly on *viâ* Key West to Havana. The service out and returning is now regularly performed, and costs the Department only the inland and sea postages. This results from the fact that the route from Charleston and Savannah *viâ* Fernandina and Cedar Keys to Key West being already in operation for the local mails, the outlay for the service is in nothing increased by the addition of those for and from Havana. The substitution, therefore, of this route for that of the *Isabel*, is a saving to the department of $19,942 31 per annum. This route is not only preferable to the other on the score of economy, but also because it supplies many post-offices, whereas the one for which it is substituted supplied but a single intermediate office—that of Key West. The department was urged by citizens of Charleston to extend the contract with the owner of the *Isabel*, from commercial considerations, but did not feel justified in giving to such considerations the weight claimed for them. This large subsidy would certainly enable the owner of the *Isabel* to carry freight and passengers at reduced rates; but if there be any constitutional warrant for the Government's bestowing this advantage on the inhabitants of a single city, while it is denied to those of other cities, such advantage should be sought from the public treasury, and most assuredly not at the hands of this department. With the embarrassments pressing upon it, and with the knowledge that there are many communities now having weekly, which desire and deserve semi and tri-weekly mails, and many others with tri-weekly which are entitled to daily service, it was not possible to devote some $50,000 per annum of its revenues to facilitate and cheapen the transportation of passengers and merchandise between Charleston and Havana, without a flagrant and culpable dereliction of duty. No reason is perceived why the policy indicated by the act of 1858, which fixes the compensation for foreign mail service performed by American vessels, at the inland and sea postages, should not be applicable to this as to other foreign mails. If it be insisted that the steamer's touching at Key West determines as domestic the portion of the routes between that point and Charleston, then we have $10,057 66, or the inland and sea postages, for the transportation of the mails between Havana and Key West, and $49,942 34 for their conveyance between the Key and Charleston and Savannah, though the latter part of the route yields to the Department a revenue of but a few hundred dollars. Such an administration of the postal fund would be to the last degree improvident and wasteful, as it would be unjust to the public to which that fund belongs.

MISCELLANEOUS.

I regret to be compelled to announce that no progress has been made towards the construction of either the New-York or Philadelphia Post-offices. The site for the former has not been purchased or selected, and the unsuccessful efforts of my predecessor to that end have not been renewed by me, because of the depressed condition of the treasury. The want of a suitable building for the Post-office in our great commercial emporium is severely felt, alike by the public and by those concerned in the postal administration, and the hope is indulged that the existing embarrassments to the prosecution of the work will have an early termination.

The sale of certain property in Philadelphia, upon the terms designated by the act of March 3, 1859, is a condition precedent to any action for the erection of a Post-office in that city. The provisions of that statute are peculiar, and it has not, after repeated endeavors, been found practicable to comply with them. Further legislation is required to carry into effect the purpose of the act referred to, and I trust that the acknowledged importance of the subject to the whole people of Philadelphia will secure to it prompt attention on the part of Congress.

The act of June 14, 1858, established 695 new post routes, but made no provision for their support. It has been estimated that, to put these and the St. Paul and Puget Sound route into operation would require, annually, upwards of $600,000, besides the postal receipts therefrom. In the absence of the necessary means, and with a conviction that to the undue expansion of the service on unproductive routes like these, is mainly due the heavy pecuniary burdens that now press upon and disable it, I have not hesitated to postpone to a more propitious day the action on the part of the Department which this act contemplates. It is not believed that any serious inconvenience will be experienced by the country in consequence of this delay.

During the last fiscal year, ended June 30, 1859, there were purchased under contract and put into service—

Of mail bags and pouches (for letters)	8,690
Of mail-sacks (for newspapers and other printed matter	22,141
Making total number of all kinds	30,831
The total number of all mail-bags of all kinds procured during preceding year	20,900
Increased number during the last fiscal year	9,9[illegible]

or nearly fifty per cent. more than the number purchased during the year ended June 30, 1858.

This increase is to be accounted for chiefly by the unusual demands for supplies created by the reduced number of mail bags furnished during the preceding year, which was much below the average of former years, and less than one-half of the number procured during the year ended June 30, 1857, for which the total number amounted to 54,075.

The excess of expenditure for mail bags during the last fiscal year, over that of the year next preceding, was occasioned not only by the exigencies arising from the inadequate supply of that year, as before stated, but also by the substitution of a large proportion of more costly bags for such as had been procured at less price, but discontinued as no longer desirable for the mail service.

During the last fiscal year, proposals were invited, by public advertisement, according to law, for furnishing mail bags for four years from and after the 1st July, 1859; and the lowest and best bids were accepted, upon which two contracts were made. These contracts, which are now in course of satisfactory fulfilment, were made at prices somewhat higher than those of the contracts last expired; but it is confidently expected they will prove to be highly advantageous to the interests of the Department, as the bags contracted for are greatly superior in every respect to any heretofore used in the service.

The supplies of mail locks, purchased for the service during the last fiscal year, amounted to fifty per cent. less in number, and sixty-seven per cent. less in cost, than those of the next preceding year.

Without entering into the details of the delinquencies and depredations alleged to have occurred in connection with the postal service during the past year, it may suffice to state that its moral aspects are still unsatisfactory. Every possible effort has been made for improvement in that direction, and these efforts will be continued without relaxation for the future. The public have given their complete confidence to this department, and have intrusted, not merely their treasures, but their most secret and sacred revelations, to the keeping of its honor. They have a right to demand that it shall prove itself worthy of this confidence, and that this high trust shall neither be accepted nor administered by unclean hands. But of all the branches of the government, there is none where the temptations to, and opportunities for, the commission of crime, are of such frequent occurrence as in this, while the known difficulty of punishing this class of offences, affords an ever active incentive to the depredator. A well-directed vigilance has already accomplished much, and may accomplish much more hereafter, for the suppression of these abuses; but I am thoroughly persuaded that the chief reliance for the safety of the mails must be found in the irreproachable personal probity of those charged with their transportation and delivery. Hence it is believed that there can be no faithful or honorable administration of this department but by promptly discarding from its employment, all whose course of life brings in question either their private or their official integrity.

FOREIGN MAIL SERVICE.

The tables prepared by the Auditor of this Department, and annexed to this report, exhibit the result of the foreign mail service for the past fiscal year, and may be briefly stated as follows:

The aggregate amount of postage (sea, inland, and foreign) on mails conveyed to and from Europe by the several lines of mail steamers employed by this Department, was $484,668 54; and by the British packets of the Cunard line, performing an equal number of trips, $805,629 64. The North German Lloyd, and Hamburg lines of mail packets also conveyed mails to and from Bremen and Hamburg, respectively, the postages on which amounted to $48,151 71, making the total postages on United States and European mails, conveyed by all lines during the year, $1,338,449 89.

The cost of the transatlantic service performed by steamships employed by this Department, under the provisions of the act of June 4, 1858—which limits the compensation to the United States postage, sea and inland, when the conveyance is by American steamers, and to the sea postage when by foreign steamers,—was $324,610 62; twenty-six round trips being performed by American steamships for the sum of $199 261 09—averaging $7,663 88 per round trip; and twenty-six and a half trips by foreign steamships, at $125,349 53, averaging $4,731 17 per round trip. Of the latter trips, four and a half were run by the Canadian line of steamers between Portland and Liverpool. This line is hereafter to run weekly, Portland being the terminus on this side during the Winter, and Quebec during the Summer season; and in connection with the Grand Trunk Railway, over the Victoria Bridge at Montreal, now completed, it will afford the means of the most direct and probably the most expeditious communication between Chicago and Liverpool. Arrangements have been made with the Canadian Post-office Department to transport, for the sea postage any mails it may be desirable to send by this line; and, in order to give them as much expedition as possible, it is intended to have Chicago and Detroit, as well as Portland, constituted offices of exchange for United States and British mails. Bags will then be made up at each of these offices, and will not be opened until they reach Liverpool. The running time from Chicago to Portland, *viâ* Detroit, Toronto, &c., is not to exceed forty-eight hours; and either from Portland or from the contemplated terminus of the railway, near the mouth of the river St. Lawrence, where the mails are to be transferred to and from the steamships, the distance to Liverpool is several hundred miles less than from New-York.

Temporary arrangements have also been made, on the terms of the act of 1858, for the continuance of weekly service by American or foreign steamships, between New-York and Liverpool, or Southampton, embracing semi-monthly trips to Havre, and trips once a month to Bremen and back. This, in connection with the Cunard line, secures semi-weekly service between this country and Great Britain, and with the Bremen and Hamburg steamers, a direct mail, at least as frequently as three times a month, to and from Germany.

In this connexion, I feel it my duty to recommend the repeal of that clause of the act approved June 14, 1858, which declares that in forwarding mails to foreign countries "the preference shall always be given to an American, over a foreign steamship, when departing from the same port for the same destination, *within three days of each other.*" Could we maintain even daily postal communication with transatlantic nations, it would be a subject of congratulation on the part of the whole country, and would be as grateful to our social relations as it would be promotive of our best commercial interests. Dispatch is the highest element in the mission of this department, and hence that legislation which provides for retarding instead of accelerating the mails, may be safely pronounced at least extraordinary in its character. The law under consideration requires that though the mails be ready for transmission, and a foreign vessel is offering to transport them, yet they shall be retained for three days, if such delay be necessary, in order to place them in charge of an American steamship. The support which the interests of the American ship builder and ship owner derive from the conveyance of the mails is but an incident to the service, and to it, the efficiency and reputation of that service, which is the principal, should never be sacrificed. It is desirable that this department shall have the power to send forward the foreign mails as often as a safe, reliable vessel can be found to convey them, and that the obligation to prefer the American to the foreign steamship shall only exist when they sail on the same day.

The amount of letter postages upon mails exchanged during the year with Great Britain was $770,066; with Prussia, $288,642 68; France, 218,770 05; Bremen, $38,368 37; and Hamburg, $22,581 95; being a decrease on British mails of $32,681 80; on Prussian mails of $37,120 92; and an increase on French mails of $12,943 63; on Bremen mails of $10,462 45; and on Hamburg mails of $6,704 21, as compared with the preceding year. Net decreased letter postages on European mails, $39,695 43.

The amount of postages on mails sent to Great Britain was $365,864 13; to Prussia, $167,881 33; to France, $106,050 01; to Bremen, $18,429 80; and to Hamburg, $15,584 58.—Total sent, $673,370 85. On mails received, from Great Britain, $404,464 71; from Prussia, $120,758 35; from France, $112,720 04; from Bremen, $20,134 57; and from Hamburg, $6,997 37.—Total received, $665,079 04.—Total postages collected in the United States, $[illegible]860 73; in Great Britain, Prussia, France, Bremen and Hamburg, $528,589 16.—Excess of postages collected in the United States, $281,271 57.

Balance due Great Britain on adjustment of account for the year ended 30, 1859	$[illegible]898 31
Balance due to France	37,232 24
Balance due to Bremen	15,[illegible]46 43
Balance due to Hamburg	8,900 31
Total	$[illegible]2,286 29

Total postages for the year on mails transported on the New-York, New-Orleans, Aspinwall and California lines, (including mails for Panama and Acapulco, Mexico,) $299,972 69. On the New-Orleans and San Francisco route, *viâ* Isthmus of Tehuantepec, $5,276 68.

On the Charleston and Havana route, $10,057 66; on the New-Orleans and Vera Cruz route, $2,578 26, and on the various lines to the West Indies, &c., $52,301 47. Aggregate total postages on mails conveyed by above-named *home lines* of steamers, $371,429 12.

The weights of closed *letter* mails received and sent during the year, were as follows:

Prussian closed mails received, 130,525¼ ounces, and sent, 175,496 ounces—total, 306,021¼ ounces. Closed mails from Great Britain for Canada, 113,060 ounces, and from Canada for Great Britain, 104,471 ounces—total, 217,531 ounces. British and California, Havana and Mexican closed mails, received and sent 30,461¾ ounces.

The amount paid Great Britain for sea and territorial transit on closed mails conveyed through the United Kingdom, was $125,979 78½, and the amount received from Great Britain on British closed mails in transit through the United States, was $57,174 91.

The negotiations, which were temporarily suspended, having in view the reduction of the rates of postage upon letters and upon printed matter, between this country and Great Britain, have been renewed, but, I regret to say, without any encouraging result. A most liberal proposition was submitted by this Department to the Postmaster-General of England, and in view of the previous correspondence on the subject, the expectation was confidently indulged that he would promptly accede to it. It has, however, been declined, and for reasons so unsatisfactory, that, for the present, no disposition is felt to pursue the matter further.

RETRENCHMENT.

The Post-office Department, according to the theory of its organization, should be self-sustaining, and because of the peculiar character of its functions, should not be a charge on the common treasury. In this respect, the aspects and mission of the Department are wholly unlike those of the other branches of the Government, and demand a corresponding principle of administration. The dispensation of public justice; the enforcement of laws enacted by national authority for the general protection, and the vindication of the rights of the Republic upon land and on the sea, are duties whose performance is of the very essence of our political system, and affecting, as they do deeply, every member of the body politic, they justly claim their support from the fund which is the contribution and property of all. But, the transportation of a letter or newspaper or pamphlet for the citizen is no more public business than would be the transportation of his person or merchandise. It is an operation prompted by and performed in subserviency to a private, personal interest, and that interest and that alone, should bear the pecuniary burden inseparable from it. The Government has charged itself with the establishment and superintendence of the postal system, because the peculiarities of this complex and wide spread service rendered such intervention indispensable. The service, to be effectual, had to be clothed with an energy and power, and to enjoy immunities and the guardianship of a prompt and rigid accountability on the part of multiplied thousands of agents, which no private enterprise could possess, and hence the interposition of the Government became a necessity—a necessity, however, which, while it occasioned the intervention, also furnished its limitation. While it was thus essential that the system should be organized and supervised by the Government, it was at the same time entirely practicable to sustain it, from the means of those for whose benefit it was established, and, therefore, it was not necessary that its maintenance should be imposed as a burden on the national Treasury. On the contrary, it was eminently just and proper that they and they only who used the mails should pay for them, and that such payment should be exactly proportioned to such use. Were the support of the system charged on the Treasury, those who do not participate in its advantages would be equally taxed with those who do, and the farmer who dispatches a single letter a month, would have to contribute as much as the merchant who dispatches and receives fifty per day. The gross injustice of this result is too flagrant to require exposure or comment. It was in obedience to this sentiment that a self-sustaining character was impressed upon the Department in its creation, and was long and most sedulously and scrupulously adhered to in its administration. The act of February 30, 1792, "To establish the Post-office and post roads in the United States," declares that "the Postmaster-General shall provide for carrying the mail of the United States," and "shall defray the expense thereof, together with all other expenses arising on the collection and management of the revenue of the Post-office," and to enable him to comply with this requisition, no other fund is placed at his disposal than that derived from the current receipts of the service. The same act empowers the Postmaster-General to enter into contracts for "extending the line of posts" beyond those established by law, but expressly provides that "such contracts shall not be made to the diminution of the revenue of the General Post-office," and that "contractors shall receive the postage which shall arise on letters, newspapers and packets conveyed by such posts," which postage the act of May 8, 1794, enacts shall be paid to such contractors as "a compensation for their expenses." The last mentioned act also authorized the Postmaster-General to contract for "the carriage of a mail on any road on which a stage, wagon, or other stage carriage shall be established, *on condition that the expense thereof shall not exceed the revenue thence arising.*" This action on the part of Congress, cotemporary as it was with the organization of the Department, furnishes clear and conclusive indication alike of the theory on which it rested, and of the determination that its practical administration should conform thereto. In 1836 Congress provided that "the aggregate sum required for the service of the Post Office Department in each year shall be appropriated by law *out of the revenues of the Department.*" This is still the existing law, and a more emphatic declaration that the self-supporting principle on which the Department had been previously conducted should be continued, could not have been made. In 1790—the first year of the new Government in which the financial status of the Department is brought to our notice—its revenues exceeded its disbursements by $5,255. From that time up to 1838—with occasional and slight exceptions, occurring at remote intervals—an excess of receipts was constantly exhibited. At the period last named, in consequence of a too rapid expansion of the service, and the substitution of costly railroad transportation upon many of the old and hitherto comparatively cheap routes, there was manifested the first tendency to a permanent excess of expenditure. This tendency, however, was not decided, nor did it lead to any alarming results. The deficit was small, and during several of the years intervening between 1838 and 1846 was fully recovered from. Afterwards came the acts of 1845 and 1851, whereby the rates of postage were reduced, and the receipts of the Department, in consequence, suddenly diminished upwards of two millions of dollars per annum. The introduction, too, of the telegraph, as a medium of social and commercial intercourse, began at this time in a marked manner to divert from the mails the public and private correspondence of the country. This diversion has continued to enlarge, until it may be safely estimated that the annual loss to the Department from this source alone, cannot now be less than one million of dollars. Under the influence of this abrupt and rapid decline in its revenues, and of the pressure of a course of legislation which continued from year to year to establish vast numbers of extended, costly, and unproductive routes, added to the importunate and incessant demand on the part of the country for the improvement as well as extension of postal facilities, the Department was gradually led away from the principle to which it had previously inflexibly adhered, so that in 1858 its expenditures exceeded its receipts by $5,235,677 15. For the year ending June 30, 1859, this excess amounted to $3,996,009 26. This unfortunate condition of things has involved the Department in imputations of extravagance and mismanagement, as disparaging as they have been undeserved. Its present embarrassments, which have so crippled its efficiency and clouded its reputation, are not the fruit of its own voluntary action, but of a current of events over which it has been unable to exert the slightest control. All have deplored the overburdened and sinking position in which it has been placed for the last few years, and the hope and expectation have been universally cherished that an early and earnest endeavor would be made to restore it to that basis of independence and honor on which it was placed by the founders of the government. The failure of the Post-office appropriation bill at the last session of Congress, which thus left the Department charged with all the labors and responsibilities of the postal service and yet denied it the use of its own earnings, having given a still more decided impetus to its downward fortunes, the occasion was deemed propitious for the inauguration, at least, of that work of reform which the deliberate judgment of the country demanded. The task was most arduous, involving, as it did, a reconnoisance of 8,722 post routes, and a careful scrutiny of every branch of expenditure connected with the postal service. It was most perplexing, too, because of the nice discrimination to be exercised and of the obstinate and clamorous opposition encountered at every step from local and personal interests. Under the guidance, however, of fixed principles, it has, in the face of all criticism, been steadily pursued to its completion. The act of 1825 makes it the duty of the Postmaster-General to provide for carrying the mails on the post-routes established by law, "as often as he, *having regard to the productiveness thereof*, and other circumstances, shall think proper." The consideration thus early announced by Congress for the government of the Department, has, in the reform attempted during the last few months, been constantly consulted and acquiesced in as furnishing the only unerring rule of action. Unproductive routes, where the terms of the contracts would permit, have been curtailed, and those which were useless have been unhesitatingly lopped off; all agencies which could be dispensed with without detriment to the service have been discontinued, and all allowances for extra services, not imperatively exacted from considerations of public justice, have been suspended. In the charge of this unpleasant duty, it has been assumed that in all conflicts between the public interests and those of individuals and localities, the former should prevail; that the expenditures upon a route should bear a just proportion to its postal value; and that in determining that value the amount of correspondence conveyed upon the route, as indicated by its products, is the only unfailing criterion. To this have been allowed, as obvious exceptions, the trunk routes on which are transported heavy through mails, and which, of course, have a value beyond that evidenced by the receipts of the offices which they directly supply. In curtailing the extended and unproductive routes connecting with the Pacific, and which were established by Congress for the accomplishment of objects not postal, it was not possible to make more than a remote approximation to the principle which controlled the reductions in other cases. The result has been a retrenchment in the annual expenditure for postal service of $1,8[illegible],471. This estimate embraces the saving to the Government of $637,250 from the new contract for the California and ocean mails, in substitution of the preëxisting contracts for the service by the way of Panama and Tehuantepec. The retrenchment thus effected may be classed under the following general heads:

Curtailment in transportion, discontinuing routes, and making new contract for ocean service to California	$1,725,8[illegible]
Discontinuance of special and route agents, passengers, &c.	77,439
Withdrawal of extra allowance to postmasters	2[illegible],173
Total	$1,8[illegible],471

Reference is had to a tabular statement accompanying this report, in which the amount of the retrenchments made in each State and Territory is distinctly presented. It will be observed that in but two of the States—South Carolina and Florida—has the cost of the service been increased. It was at the lowest point in these States, and in consequence, on the occasion of the lettings in April last, this improvement, amounting to $5,633, was allowed. The heaviest reduction—$126,600—was made in Missouri, in which State the postal expenditures for the past year were $727,190 97, and the receipts but $227,867 63—showing a loss of $499,214 31. The next largest curtailment, $94,621, was in Texas, in which, with a postal revenue of but $100,597 35, the outlay for the service for the year ending June 30, was $723,380—exhibiting an excess of expenditure of $622,783 09. In Louisiana the reduction was $75,379—the excess of expenditure over receipts having reached in that State the past year $581,315 87.

The conclusion thus arrived at is the more gratifying, because the curtailments have been sparingly and most carefully made, and have, it is believed, in no instance seriously impaired the efficiency of the service. They have been made, too, with a most scrupulous regard to the rights of the parties under their contracts with the department. No ground at all doubtful has been occupied, and no step taken which was not fully warranted by law and by the express written engagements of the parties concerned. Whatever actual loss, therefore, may, in a few isolated cases, have been suffered, no legal claim for indemnification exists, and should any such be presented and allowed by Congress, they should be paid from the public treasury. The contracts with the department provide in express terms for the curtailment of the service whenever, in the judgment of the Postmaster-General, the public interests shall demand it; and, as this is a contingency contemplated by all such engagements, and to which they are all exposed, when it arises, it furnishes no just ground of complaint. If a contract shall for this cause prove less remunerative than was anticipated, it affords no reason why the department, which has kept its faith and exercised only its acknowledged right, should be held responsible. If, therefore, Congress, in its discretion, shall think proper to grant a further compensation to such contractors, this department may justly insist that its own revenues shall not be burdened by such Congressional generosity.

Great as the relief which this retrenchment has afforded to the finances of the department, other measures of justice to it must be adopted before it can recover that character of independence which it is entitled to assume and maintain. Prominent among these measures is

THE ABOLITION OF THE FRANKING PRIVILEGE.

It is, of course, not intended to assert that the correspondence of the Government should be transmitted at the personal charge of its functionaries, but only that the cost of conveying such correspondence, when passing through the mails, should be defrayed from the national treasury. There is no more reason why the Post Office Department, through its contractors, should perform this service gratuitously for the Government, than there is that the steamboats and railroad companies of the country should transport its troops, munitions of war, and stores, without compensation. What shall be the character and amount of written or printed documents forwarded on behalf of the Government, and under what *safeguards* against abuse, are questions whose solution belong exclusively to Congress, and which it is not my purpose at present to discuss. I desire to maintain only the general proposition that whether the written and printed matter be great or small, if it be dispatched in the name and in the interest of the Government and by its agents accredited for the purpose, it should be charged with precisely the same rates of postage to which it would have been subjected had it been forwarded by private citizens. The franking privilege, as accorded to various officers of the Government, was from the beginning and still is an anomaly in the postal system, and in direct conflict with the true theory of its creation. Had this Department, like the others, been placed as a charge upon the Treasury, and were it essentially a political instrumentality, and the property of the nation, it would be as incongruous for it to demand remuneration for its services to the Government as it would be for the Army and Navy to do so, but this is not and never has been its actual or theoretical status. Beyond its political authority in establishing the Department and its revisory power over its administration, the relations of the Government to it are precisely those of the private citizen. This has been distinctly recognized in the several acts permanently appropriating $700,000 per annum for the transportation of "free matter." This is not, in the language or spirit of the act of 1836, a provision made for the support of the Department from its own revenues, but is an appropriation from the public Treasury, and is, in its terms, specific compensation for the transmission of correspondence and documents connected with the administration of the Government. It is important to be noted in this connection, because it must rest on an admission of the soundness of the principle insisted on, though in its amount it falls short of the logical result to which that principle would lead. It is well known that the expenses of the Department for transportation have rapidly increased within the last ten years. In 1849 they amounted to $2,577,407 71; but for the year ending the 30th of June, 1859, they reached the sum of $9,478,457. This has been produced by the enormous bulk and weight of the mails, which are principally due to the vast quantity of heavy books and printed documents sent under the Government frank. Mails which but recently weighed a few hundred pounds, are now, from this cause, found weighing tons. The rates of postage on printed documents, &c., being but nominal, the cost of their conveyance is, in fact, a tax on the letter correspondence of the country. Hence, as the great mass of the matter franked by the Government officials is printed, were it even paid for at the prevailing rates, still in precise proportion as the Government is the patron of the mails, would the service be unremunerative to the Department. Were the "free matter" now conveyed charged with the existing rates of postage, it is confidently believed that it would yield an annual revenue of at least one million eight hundred thousand dollars; yet for this service the Department receives but $700,000, and actually expends in its performance but little, if anything, short of $3,000,000.

The obligation of the Government to pay for the use of the mails, at the rates imposed on the private citizen, is now so manifest that the proposition has been deliberately made and urged with much force that this act of justice shall, if possible, be made retrospective. Could the amount which the Department has expended for the transportation of free matter from the foundation of the Government be ascertained—which is obviously impracticable—it is difficult to perceive on what ground a claim to its reimbursement—less the aggregate of the appropriations made from the Treasury for the support of the Department—could be resisted. If the principle contended for is right now, it has been so from the beginning.

But, it may be asked, does not the Government virtually comply with this requisition to pay its own postages, by the annual appropriation which it makes to meet the deficit in the postal revenues, and is there any substantial difference between such a provision and the prepayment of its postages in detail? The answer is, that there is a difference, and this difference vitally concerns the honor and reputation of the department. The appropriation referred to is offered not in satisfaction of what is confessed to be due, but is rather bestowed as an alms. It is not paid as to a creditor for services fully rendered, but is extended as a relief to a defaulting branch of the Government, and to save it from bankruptcy and dishonor. This places the department continually in a false position, and presents it to the world as a delinquent, when, in truth, it is not so. So long as it is thus treated, however skillfully or honestly it may be administered, it must stand at the bar of public opinion as condemned and as faithless to its mission. This is a moral wrong, and a great political error. When the department has loyally discharged every duty incumbent upon it, and has performed services, the compensation for which, if fairly made, would render it independent, it has a right, in the name of common justice, to claim that it shall be allowed to assume that attitude, instead of the mortifying one it has been driven to occupy for years—that of an improvident and discredited insolvent, ever begging at the doors of the public treasury.

It may be added, if it is proper that the government shall be charged with the expense of conveying the matter now passing free through the mails, justice alike to the public and to the department requires that the amount thus due shall be precisely ascertained, which can best be done by prepayment at the mailing offices. There can be no enlightened administration of the postal system without a complete knowledge of its financial resources and liabilities, which can never be attained while the incubus of the franking privilege is hanging over it. Under the

alleged, to prevent the fire of the citizens outside from being directed towards themselves in the house where they had taken shelter.

Throughout the whole day on Monday, from 12 o'clock, at which time intelligence of the outbreak reached this city, the most exaggerated accounts were received of the state of things at Harper's Ferry, and the number of persons engaged in it. Prompt measures, however, were taken, and Brevet Col. Robert E. Lee, of the First Cavalry, was at once summoned to take command of a detachment of marines and two companies of volunteers from Frederick, Maryland, who had promptly offered their services. The troops left this city by the afternoon train, and, taking up the volunteers on the way, reached the scene of action during the night.

The next morning, at an early hour, Col. Lee gave orders to the marines to attack and carry the house where the conspirators were strongly barricaded, which was very promptly and gallantly done, with the loss one man killed, another wounded. Col. Lee's report of his proceedings is herewith communicated, which gives all other information on the subject thought to be of interest.

I have the honor to be, very respectfully, your obedient servant,
JOHN B. FLOYD.
The President. Secretary of War.

DEPARTMENT OF THE INTERIOR.

Report of Secretary Thompson.

The Report of the Secretary of the Interior is dated Dec. 1. After a formal introduction, he proceeds to consider the subject of

PUBLIC LANDS.

The General Land Office, owing to the location and sale in previous years of unusually large quantities of land, was unable for a time, to issue the patents on those entries as rapidly as was desirable. During the past year, however, the attention of that office has been especially directed to this subject, and I have now the gratification of stating that during the year ending the 30th of September, 1859, 150,000 patents were transmitted or prepared for transmission and delivery, and lists of swamp and railroad lands were prepared and certified to the States, which, if divided by a fair average, would be equal to the preparation of an additional number of 134,000 cash patents.

The legislation of Congress in relation to the public lands attracts a large share of the public attention, and interests directly a large number of our citizens. All the people of fourteen States and five Territories derive the title to their lands from the Federal Government, and the records and files evidencing the inception of their rights are preserved in the General Land Office. In the administration of the land laws of general and special application, questions often arise which involve conflicting private interests of great magnitude, and are most complicated and difficult of solution. These have to be examined with care and patience; counsel in very many cases claim the privilege of being heard, and yet decisions must be made without unreasonable delay, although they often involve the fortunes of whole families.

During the five quarters ending Sept. 30, 1859, 16,618,183 acres of the public lands were disposed of; 4,970,500 acres were sold for cash, yielding $2,107,476; 3,617,440 acres were located with bounty land warrants, 1,712,040 acres were approved to the several States entitled to them, under the swamp grants of March 2, 1849, and Sept. 28, 1850; and 6,318,203 acres certified to States, as falling to them under the grants for railroad purposes.

During the same period of time, 13,817,221 acres were surveyed and prepared for market, and 16,783,553 acres proclaimed and offered at public sale. The aggregate quantity of public land that has been surveyed, but not yet proclaimed or offered at public sale, was, on the 30th of September, 1859, 56,970,941 acres; and the estimated quantity which had been offered at public sale, and remained subject to private entry at the various land offices, was 80,000,000 acres. The lands which, by a long continuance in market, have graduated to low prices by virtue of the act of Aug. 4, 1854, have been sold for cash. Those held at the minimum of $1 25 per acre have been entered almost exclusively with military bounty land warrants; and although large quantities of fresh lands have been brought into market by proclamation, less money in proportion to the amount of land offered has been received from sales than at any previous period.

Prior to the year 1841 the legislation of Congress had not encouraged settlements upon the public lands before they had been exposed to public sale. The enactments granting preemption rights had been in the nature of relief laws, by which trespasses were waived, and a preference was given to those who were occupying public lands at the dates of the several laws. By the act of Sept. 4, 1841, settlements upon unoffered surveyed lands were authorized; and by several statutes of recent date, settlements in particular States and Territories upon unsurveyed lands have been legalized and invited. All qualified preemptors who occupy unoffered lands, are now allowed the privilege of entering the tracts to which they are entitled at any time before they are offered at public sale. But they are required to avail themselves of this privilege before the day fixed by the President's proclamation for the public offering of the body of lands in the vicinity; and if they fail to do so, they forfeit their rights of preemption, and the lands they have occupied are liable to be sold to the highest bidder. Hence the day of a public offering of lands becomes an epoch of great importance to those who are settlers thereon; and as the date of sale and the designation of the particular tracts to be advertised are determined by the President in his discretion, the exercise of that discretion becomes a matter of difficulty and embarrassment. I would recommend that a law be passed, in a spirit of liberality to settlers on unoffered lands, allowing to each two years, from the date of filing his declaratory statement, within which to make his proof and pay for his land; and, at the same time, making it incumbent upon the President to offer at public sale, by proclamation, all lands that may have been surveyed by authority of Congress, at any time within two years after the plats of survey have been approved. The public lands of the United States constitute a legacy of inestimable value, which, if wisely administered, will be the basis of a public credit far more substantial than is possessed by any other nation in the world. The price at which they are now sold is little, if any, above prime cost, if we take into account the expense of removing the Indians and protecting the frontier; and it is but just and fair that those who appropriate to themselves the richest tracts and the choicest locations, and who especially have the benefits of the protection of the Government whilst doing so, should make some reasonable return in money. And this they have been always willing, though not always prepared, to do. Whoever charges preemption settlers with complaining of this reasonable requirement of paying a dollar and a quarter an acre for their land does great injustice to this entire class of citizens. The recommendation of the Commissioner of Public Lands, suggesting that an act be passed limiting the time in which the States shall prefer claims for swamp lands, is approved. Such a law would work no injustice to the States entitled, and would have a good effect in quieting land titles in those States, and relieving the Department from a vast amount of most complicated labor. Already the States have received on this score the munificent grant of more than 42,000,000 acres, and some 14,000,000 more have been selected.

The suggestion of the Commissioner of the General Land Office, that provision be made by law for the satisfaction of those Virginia military land-warrants which have issued since the 1st of March, 1852, on allowances made by the authorities of Virginia prior to that date, and on which no previous warrants had ever issued and been accepted by claimants, is approved, and an amendment of the law of August 31, 1852, to that effect is recommended. Such a provision would be an act of simple justice to those whose rights were admitted, but who, from a failure to take out their warrants prior to the day limited by the act of Congress, are unable to avail themselves of its benefits.

Passing from this subject the Secretary of the Interior proceeds to consider

INDIAN AFFAIRS.

Our relations with the various tribes of Indians within our limits, he says, have continued during the past year in a satisfactory condition, and peace has been generally maintained. Occasional outbreaks have occurred, but these have been perpetrated by bands of desperate outlaws, and in no case has a whole nation avowed the purpose of making open and deliberate war upon our settlements. I regret to be obliged to add that reports and other official documents submitted to the department furnish sufficient evidence to justify the belief that the most atrocious cases of murder and rapine charged to the account of the Indians have, in reality, been committed by white men wearing the disguise of Indians. It cannot be doubted that the horrible massacres which have occurred during the past year on the routes leading through Utah Territory have been planned and directed, if not actually executed, by our own citizens.

The average annual expenditure on Indian account, including the interest on stocks held in trust for the several tribes, and on sums which by treaty provisions it was stipulated should be invested, but which have remained in the Treasury of the United States, is $3,655,270 08. The amount of stock held in trust for Indian tribes by the Department of the Interior is $3,449,241 82, and the net annual interest thereon is $202,602 89. The present liabilities of the United States to Indian tribes, funding at five per cent. the perpetual annuities secured to some of them by treaty, and also the annuities payable during the pleasure of Congress, amount to $21,472,423 88. The total number of Indians within our borders, may be set down in round numbers at 350,000.

PENSIONS.

Pensions is the next topic noticed in this Report. The Secretary says:

It will be seen by the report of the Commissioner of Pensions that the whole number of pensioners of all classes now on the rolls is eleven thousand five hundred and eighty-five, and that the aggregate amount per annum required for their payment is $1,034,914 15. The amount paid on account of pensions during the year ending June 30, 1859, was $1,183,140 89. Of the aggregate number of pensioners on the rolls, ten thousand six hundred and sixty seven are from the Army and nine hundred and eighteen from the Navy. Of these, four thousand eight hundred and sixty-one of the former, and three hundred and seventy-five of the latter, are on the invalid rolls, and their pensions amount to $469,457 53 per annum. The number of revolutionary pensioners has dwindled down to one hundred and sixty-five, eighty-nine having died during the present year. The number of widows of revolutionary officers and soldiers, under all the acts of Congress granting pensions, was, at the close of the year, three thousand seven hundred and fourteen; and the whole number of pensioners on the rolls, under all the acts allowing *half-pay* to widows and orphans of deceased officers and soldiers, was two thousand four hundred and fifty-two.

That portion of the Report relating to the "District of Columbia," and the expenses of Public Buildings in the City of Washington, offers little of general interest. The equestrian statue of Washington, ordered by the Thirty-second Congress, will be completed in the Spring, and placed in the centre of the circle, near the western extremity of Pennsylvania-avenue. Mr. Mills is the artist.

THE NEXT CENSUS.

At the last session of Congress, (continues the Report,) an appropriation was made to enable the department to make the necessary arrangements for taking the Eighth Census. Steps have already been taken to have the proper instructions prepared and the blanks printed, so as to be in the hands of the marshals in time to enable them to enter vigorously upon the execution of their duty on the 1st day of June next. The necessary expense which will be incurred will require an appropriation of at least a million of dollars at the approaching session of Congress.

THE JUDICIARY.

The judicial expenses during the fiscal year ending on June 30, exceeded by a small amount the appropriation of $1,000,000 made therefor. This increase over the expenditures of any former year in the history of the Government is to be attributed to the zeal, energy, and success of our officers in detecting violations of the penal statutes, and the consequent increase in the number of prosecutions for crime, and to the additional amount of business in the Federal courts generally.

THE PATENT OFFICE.

The record of the operations of the Patent Office during the past year furnishes, as usual, a most satisfactory exhibit of the steady progress of our country in the application of science to the useful arts. During the three quarters ending Sept. 30, 1859, five thousand one hundred and sixty-seven applications for new patents were received; eight hundred and thirteen caveats filed, and three thousand three hundred and thirty-four patents issued and reissued. The receipts for the three quarters were $188,538 77, being an increase of $337,554 86 over the corresponding period of last year. The expenditures were $157,101 15, leaving a surplus on hand of $31,437 62.

I take occasion here, adds the Secretary, to renew the recommendation contained in my report of 1857, that the fees required from British subjects should be reduced. Her Britannic Majesty's representative at Washington has recently called the attention of this Government to this subject. In the kingdom of Great Britain no discrimination is now made between American citizens and British subjects. I think this courtesy should be reciprocated, and that, in respect to office fees, British subjects should be placed on the same footing as citizens of the United States.

The report closes with a reference to the intrinsic importance of agriculture. The tea seed, it says, has been introduced from China, and germinated in houses prepared for that purpose in Washington. The step next to be taken is to convey the plants to suitable localities and to cause them to be tested under the supervision of intelligent and responsible persons.

The successful cultivation of the vine in this country no longer remains an experiment. The breadth of land planted in vineyards is every day extending and the yield is large and remunerative. The estimate is that we now have more than eleven thousand acres devoted to this culture; and while the product of some vineyards, in the most favorable season, has been eight hundred gallons to the acre, the average crop per acre of the whole country will compare favorably with that of the most successful wine-producing countries of Europe, and its value is five or six hundred per cent. greater at the several places of production.

With a brief reference to the fact that a number of scientific gentlemen, in various parts of the United States, have been engaged for several years past, without compensation, in making meteorological observations, which have been regularly communicated to the Patent Office, the report of the Secretary of the Interior concludes.

GENERAL LAND OFFICE.

The report from the General Land Office commences with a tabular exhibit of the operations of the public land system, by which it appears that the cash sales for the fiscal year, ending June 30, 1859, embraced 3,961,581,20 acres, realizing $1,628,187 13, and for the quarter ending Sept. 30, 1859, 1,008,918,65 acres, realizing $479,289 04, making a total of cash sales for the five quarters of 4,970,499.85 acres, producing $2,107,476 17. During these five quarters there have been located with Bounty Land Warrants under the several laws, 3,617,440.00 acres, and approved under the swamp grants of 1839 and 1850, 1,712,040.55 acres, while there has been certified to certain States for railroad purposes, 6,318,203.00 acres, making an aggregate of 16,618,183.40 acres disposed of within the five quarters ending Sept. 30, 1859, for cash, in satisfaction of Bounty Land claims, as swamp, and to aid in the construction of railroads.

The condition of the Bounty Lands, and the number of acres absorbed by military claims, under the Bounty Land Laws, from 1847 to 1855, are as follows:

Grade of Warr'nt.	Number issued.	Acres embraced thereby.	No. located.	Acres embraced thereby.	No. outstanding.	Acres embraced thereby.
Act 1847	88,012	13,174,600	80,779	12,186,400	7,243	988,200
Act 1850	189,071	13,161,720	167,372	11,899,040	21,699	1,262,680
Act 1852	11,988	693,860	9,768	556,360	2,215	137,500
Act 1855	236,942	29,889,930	177,537	23,239,910	58,405	7,650,020
Total...	525,066	56,920,130	435,456	46,881,710	89,552	10,038,420

The sales and other disposal of the public lands for the five quarters ending September 30, 1859, amount to 16,299,950.40 acres, for $2,107,476 17.

The number of acres granted to different States, under the Swamp Grant of 1849 and 1850, ending September 30, 1859, for the previous five quarters, are 56,134,115.62. Of these, Ohio takes, 54 438.14; Indiana; 1,334,732.50; Illinois, 3,259,098.63; Missouri, 4,343 550.07; Alabama, 2,595.21; Mississippi, 2,974,-387.12; Iowa, 2,243,296.29; Louisiana, Act of 1849, 10,713,479.48; Louisiana, Act of 1850, 512,814.89; Michigan, 7,273,724.72; Arkansas, 8,652,112.93; Florida, 11,790,637.46; and Wisconsin, 3,449,238.28.

GRANTS FOR RAILROADS.

The extensive grants for railroad purposes to eight States of the Union have claimed, and received, a large share of the attention of the Department heretofore and during the past year. The adjustment of the grant to the State of *Iowa* for the roads contemplated by the act of May 15, 1856, is nearly completed. Twenty-five lists have been certified of the lands enuring to the State to aid in constructing those roads, embracing 2,431,541 acres. The following exhibits the quantities actually certified to the State for the several roads:

Iowa.	Six mile limits.	Fifteen mile limits.	Total.
Dubuque and Pacific R....	449,928	697,553	1,147,481
Iowa Central Air Line R..	248,709	416,977	665,686
Mississippi and Missouri R.	158,892	228,608	387,500
Burlington & Mis. River R.	90,156	140,717	230,873
Aggregate			2,431,541

The following is an exhibit of the quantities of land actually approved under the Railroad Grants to the States hereinbefore mentioned, such approval being equivalent to Patents:

States.	Acres.	States.	Acres.
Iowa	2,431,541	Wisconsin	211,063
Alabama	823,869	Michigan	954,542
Florida	764,276	Mississippi	171,550
Louisiana	961,362		
Total			6,318,203

The following is an estimate of the quantities of offered lands, which had been withdrawn from sale and location, in view of the Railroad Grants, and have since been released from suspension and restored to market during the past year:

States.	Acres.	States.	Acres.
Alabama	2,070,000	Michigan	3,470,000
Wisconsin	240,000	Mississippi	900,000
Total			6,680,000

SURVEYS AF STATES AND TERRITORIES.

Our surveying operations have been prosecuted with vigor during the past year, and to the extent of the appropriations for that purpose. They have been extended over 52,815 miles, and embrace 14,692 882 acres.

In the Territory of Kansas there have been surveyed since last report 1,489 miles of township, and 5 384 sectional lines embracing an area of 2,172,347 acres, costing $44,000. The funds apportioned to Kansas during the fiscal year have been applied to the establishment of the true southern boundary of the New-York Reserve, and to the subdivisional surveys within its limits, with a view to the satisfaction of the Indian allotments of 320 acres each, under treaty stipulations, and thereafter to lay open the residue of that tract as other public lands. The country south of that reserve is within the tract set apart to the Cherokees and Osages, and of course cannot be dealt with regard to survey, unless hereafter disencumbered of the Indian title. In May last the Department ordered the extension of the base line upon the 40th parallel of latitude to the western boundary of Kansas and Nebraska. This is not only the permanent base on which the public surveys are to be closed, but constitutes the boundary between the two Territories. From the initial point on the Missouri River, the base line westward had previously been surveyed, or was in progress 204 miles. The order above-mentioned required its extension thence to the summit of the Rocky Mountains, an estimated distance of 375 miles further, making 579 miles the whole length of the base-line or boundary between the two Territories. The contract was made on the 10th June last, and such progress has been made in the work that complete returns of the survey are expected at an early period. The field of surveying operations during the ensuing year in Kansas will be quite limited, as we have there extensive bodies of land over which the lines of the public surveys have been extended, and which are now open to preemption and sale. In Nebraska there have been surveyed during the last year 806 miles of standard, 933 miles of townships, and 7,843 of section lines, embracing an area of 3,019,907 acres, costing $68,000. The Surveyor-General brings to notice the discovery of sulphate of lime—an invaluable fertilizer; also, iron ore and beds of cannel coal on the eastern slope of the Rocky Mountains, and reports that coal has been discovered at various points along the Missouri River in Nebraska. In Nebraska our present limited estimates contemplate an extension of the public surveys in the neighborhood of Fort Kearney, and at the head of the Big Blue River, as the principal thoroughfares, will pass over these regions to California, Oregon and Utah.

In New Mexico since date of last report 2,452 miles of parallel exterior and subdivisional lines have been run and returns reported. Our surveying operations in the District of New-Mexico will be quite restricted during the ensuing year, in consideration of the limited demand there for public land and the extent of the existing surveys.

In California the exteriors of the public surveys have been extended since last report over the mineral regions, towards the eastern boundary of the State, embracing 15 miles of meridian, 182 standard parallel, 179 meanders, 1,027 townships, and 1,906 sectional subdivisions the section lines embracing the area of 1,039,542 acres. Settlers are found on a large portion of the country over which the subdivisional surveys have been extended.

THE BOUNDARIES OF CALIFORNIA AND OREGON.

As the lines of the public surveys have crossed the Sierra Nevada, and have been extended to the nearest probable limits of the eastern boundary of the State adjoining the regions liable to survey in Utah and New-Mexico on the east and Oregon on the north, it becomes important to determine the northern and eastern boundaries of the State of California, by actual demarkation, thereby establishing the true western boundaries of New-Mexico and Utah, and part of the southern boundary of Oregon.

The Legislature of the State of California, during its last session, it is understood, passed an act authorizing the Governor, in conjunction with the United States, to run and mark the eastern boundary, with the proviso that the expense of the Commission on behalf of the United States should be at the cost of the latter. Our present estimates are very limited, with a view principally to the location and survey of confirmed private land claims.

The surveys of the public lands and donations in Oregon have been diligently prosecuted during the last year. The base line which governs the public surveys in Oregon and Washington Territory has been extended eastward over the Cascade mountains, from Range 7 to 32 east of the Willamette meridian. The line crosses the summit of the mountain in Range 8 east, passing five miles south of Fort Dalles, on the Columbia River, crossing Des Chutes and John Day's Rivers, and terminating at a point 12 miles south of the Indian Agency, on the Umatilla, at a distance of 189 miles east of Williamette River, 149 miles of the summit of the Cascade mountains, and 114 miles east of Fort Dalles. The second guide meridian east was run north of the base line, between Ranges 30 and 31 east, to the extent only of 25 miles, from the apprehension that its further extension might cross the 46° north latitude, being that part of the boundary between Oregon and Washington Territories, which is east of Columbia River, not yet run and marked in the field.

The Surveyor General reports that the settlers east of the Cascades and along the Columbia river, and its tributaries, have been urgent for the extension there, of the lines of the public surveys, and with a view to ascertain whether these demands were reasonable, he made a personal examination of the country, and from a conviction of the propriety of the measure, has entered into contracts for the survey of the *exterior* and subdivisional lines east of the Cascades and north of the base line covering the settlements at Fort Dalles, Dog, and Umatilla rivers, to the extent of the appropriation of $20,000, per act of 3d March last, excepting about $5,000 thereof which he applied towards the survey of lands lying immediately west of Klemath Lake, near the southern boundary of the State.

During the fiscal year ending June 30, 1859, there was prepared for introduction to market the quantities of, acres	12,390,189
And during the quarter ending Sept. 30, 1859	1,427,032
Making an aggregate for the five quarters ending Sept. 30, 1859, prepared for the market, of acres	13,817,221
The whole quantity of surveyed public lands collected from all past operations for market, Sept. 30, 1859, and which has not been advertised for sale Sept. 30, 1859, embraces an area, acres	56,970,941
During the fiscal year ending June 30, 1859, there have been proclaimed and offered for sale, acres	15,242,815
And during the quarter ending Sept. 30, 1859, acres	1,540,738
Making an aggregate for the five quarters ending Sept. 30, 1859, proclaimed and offered for sale, of acres	16,783,553

The following Land Offices have been discontinued during the past year, viz.: Plattsburgh and Milan, (Platte and "Chariton" Districts,) Missouri; Dubuque, Chariton and Osage (Turkey River) Districts, Iowa; Kalamazoo, Michigan; and Helena, (Mississippi River District.) Arkansas.

Whilst the preëmption law has conferred immense benefits, and secured homes to hundreds of thousands of our citizens, in the advance of settlements in the great interior and on our frontiers, it has not been without flagrant abuses, which the Department, by stringent measures, has endeavored to correct and arrest. One of the express conditions of the 13th section of the act of Sept. 4, 1841, is that before any person "shall be allowed to enter such lands," he or she shall make oath before the receiver or register "that they have not, directly or indirectly, made any agreement or contract, in any way or manner, with any person or persons whatsoever, by which the title which he or she might acquire from the Government of the United States should enure in whole or in part to the benefit of any person except himself or herself, "with forfeiture of money, yet coupled with the enactment that any grant or conveyance which he or she may have made, except in the hands of *bona fide* purchasers, for a valuable consideration, shall be null and void."

To interdict from preëmption title, as far as law can do it, flimsy and slight improvements, or even improvements where there is an unreal intention of *bona fide*, permanent settlement, it is worthy of consideration whether the Preëmption statute should not be amended.

The labors of this office incident to the opening of new or consolidation of old land districts, preparation of forms, and instructions in the adjustment of preemption, rural, municipal and postal, to foreign titles, particularly the Spanish and Mexican, to donations from our own Government, to graduations, military locations, ordinary sales in the surveying service, and the engrossment of patents, are immensely difficult to estimate, and constantly increasing.

The gratifying result may be mentioned, that since the 30th September, 1858, there have been actually transmitted, or prepared for transmission from this office for delivery, upwards of 160,000 patents, and if we divide the lists of approvals to the States, under swamp and railroad grants, by a fair average, we find that the work in their adjustment and certification is equal to the preparation of an additional number of 134,000 cash patents.

(Signed) S. A. SMITH, Commissioner.
Hon. Jacob Thompson, Secretary of the Interior.

NEW-YORK ACADEMY OF MEDICINE.

Discussion on the Comparative Merits of Chloroform and Sulphuric Ether.

REGULAR SEMI-MONTHLY MEETING—THE PRESIDENT IN THE CHAIR.

Wednesday Evening, Dec. 21, 1859.

After the reading of the minutes of the previous meeting, Dr. Thomas presented a beautifully prepared specimen of a double uterus, with an account of its peculiarities. The President, Dr. Watson, then stated that the subject of anæsthetics, the differences and advantages of each, was now being discussed abroad, and was, moreover, a subject of great interest and practical importance, and desired to hear the views of the members present, and proceeded to call upon Dr. Buck for his views. This gentleman stated that it was a large subject, on which much might be said; that he had used both sulphuric ether and chloroform, but gave the preference to the latter. He had used them principally in surgical cases, and while he had great faith in their virtues, he did not think they should be used except in cases of great importance.

Dr. R. S. Kissam being called upon, said that he had used anæsthetics with some reluctance, and very rarely without being urged to do so by the patient. He preferred ether to chloroform, as he had twice seen suspended respiration occurring during the use of the latter; once while removing a breast, and the other a minor operation. He had given chloroform with benefit for puerperal convulsions, where he thought it preferable in those cases to the use of ether, which, he had thought, from the length of time required to obtain its results, injuriously increased the muscular contractions before the beneficial effects were obtained. He thought that the proper method of giving chloroform was slowly, and in small quantities, increasing the amount, if necessary; but ether should be given at the outset in large quantities, speedily overwhelming the patient.

Dr. Reese, in response to the Chairman, said that he was familiar with both agents ever since their first introduction into practice. He thought the danger arose from the manner of their application, by not admixing sufficient atmospheric air. He alluded to a letter in the New-York Times, signed "Malakoff," which spoke of an apparatus, now just introduced in Paris, by which the chloroform is inhaled only by one nostril, the other being free to inhale the atmospheric air. He always commenced gradually with the chloroform, and never carrying his patients to profound coma.

Dr. Squier answered the call by stating that he had used chloroform only and quite largely for five or six years past, and had seen no disastrous results; did not carry the anæsthesia to stupor. It had always been safe in his hands, and he had frequently kept up its influence 40 or 50 minutes. He thought it was often given much too rapidly, and in the fatal cases its effects are not sufficiently guarded against. He thought there was no question of its utility, and referred to the reports of the English hospitals, where the statistics showed that the cases operated on under the influence of anæsthetics had more favorable results than in cases not thus treated. He thought many of the accidents came from the use of impure chloroform; that much of the chloroform there was not the best article, and in fact that the most popular chloroform now used here—Duncan & Flockart's, of Edinburgh—was not their best article, that generally used in the English hospitals, made from pure alcohol—none of which came to this country—but was a second quality article, made of methylated spirits.

Dr. Minor had used both articles, and a mixture of the two, in the Brooklyn Hospital, and had not seen but one case where danger ever threatened; in this case the respiration was suspended, which, however, was easily recovered by artificial respiration. He thought that want of due care was the cause of the accidents, its administration being generally intrusted to some one who was more interested in looking on at the operation, than in the duty he had to perform. Administered with due care, he thought it a safe agent.

Dr. Gardner, being then asked his views—as not being a surgeon, but largely engaged in obstetrics—stated he had used chloroform quite largely in obstetrics, and was, he thought, the first to employ it in this branch in New-York. He had also used ether, but latterly very rarely, as he had seen several cases where it had no effect in producing anæsthesia, even in quantities of half a pint. Furthermore, in those cases where this treatment is especially demanded—puerperal convulsions—he agreed with Dr. Kissam, having found that it was not only inefficient to attain the desired result, but injurious, and this, he thought, was the general opinion of *accoucheurs*. He had no hesitation in using it freely in all cases of labor, even when complicated by serious diseases of the heart and lungs. These cases were always bad ones, but he thought that in treating them there was far less danger to be apprehended from the chloroform than from the straining of the patient in the parturient efforts which the anæsthetic entirely overcame. He should not now know how to practice midwifery without this agent. He used it in ordinary tedious cases, made so by a rigid os, which sometimes continued in spite of all other forms of treatment—bleeding, belladonna, hot douche and emetics—but which was speedily—in five minutes often—entirely relaxed, and the labor completed, by the administration of twenty drops of this agent, and thus the strength of the patient was saved, and the liability to serious injury of the soft parts was entirely obviated. In all operations it is of service, especially in turning, which, from the very formidable operation of former days, painful to both physician and patient, and very dangerous to the latter, is by this agent made a very simple one, and now often substituted for a once simpler but now more dangerous operation. In this operation alone, there is sometimes a necessity to push the chloroform to complete anæsthesia, for although the os speedily comes under the influence of the agent, the body of the uterus still contracts most violently, and this must be overcome before this operation can be safely proceeded with—in proof of which a case was cited. In applying forceps, he prefers not to have the patient under anæsthetic influence, in order that the patient may be able to state if she feels any pain from their application; but he used it previously to dilate the os, for the purpose of applying the instruments through it, as stated in a paper read by him to the Academy some year since on intra uterine operations—and also afterward to relieve the pain of the delivery.

He had seen no danger from the use of chloroform, and no oftener injurious results except in a case of protracted headache, where the patient was three or four hours under its influence, but who underwent a most formidable operation, and also had some mental troubles in conjunction, to which may perhaps be ascribed her cephalalgia, and her partial mental alienation.

Dr. Bolton has little experience, as he did not perform any surgical operations, and is entirely opposed to the use of anæsthetics in confinements.

Dr. Peaslee being next appealed to, said he had used both articles freely, but prefers sulph. ether, yet in obstetrics thinks chloroform a perfectly safe agent from the manner of using it, as the patient is not subjected to it until in actual pain, and the muscular and nervous energies being both active, the effect of the agent is somewhat neutralized, while in surgical operations the anæsthesia is generally given before the operation is commenced. He has used ether since the time it was first brought into use, and at first saw some bad effects resulting, which he now thinks were from the improper method of its application, and were due to the inhaler, and not to the anæsthetic. In combination with a larger portion of air, he now gave sometimes even 2 lbs. of ether without any bad effects. Chloroform he had used, but had latterly preferred ether, from the bad effects of the former upon one case, when the patient seemed for a time to be dead. He agreed to the opinion expressed by Dr. Gardner respecting its value in obstetrics in relaxation of the interior muscular fibre of the os, as peculiarly as was the iris expanded by belladonna.

Dr. McNulty asked what was the exact cause of death? What was the principle, in the anæsthesia, which caused it? When this was known, the one of the two which had the most of it was the inferior.

The President inquired if *post-partum* hemorrhage was increased by anæsthetics.

Dr. Peaslee said he thought it was, and therefore in consequence he had been in the habit of giving tinct. secale cornut to counteract this tendency.

Dr. Horace Green, when formerly in general practice, used chloroform very much and always with marked success, and was much in favor of it. For the last six years of his attendance on confinements, he gave it to every case, save one or two, without any bad results.

Dr. Raphael had used chloroform invariably. In one case only had he seen any threatening results, where he had administered it to a patient of Dr. Gauss—who used chloroform only—but in this case the patient ultimately did well. He thinks the deaths were either from its impurity or from its too rapid use, producing spasms of the glottis. In regard to those cases in which a distinction as generally supposed, should be made, where diseases of the heart and lungs co exist with labor, he agreed with Dr. Gardner, that there was no contra indication for chloroform. He does not advise its use in trivial cases of any character where the operation was momentary, except in cases like bone-felon, where the pain was very excruciating. He had given 2 lbs. in twenty-four hours in a case of tetanus.

Dr. O'Reilly gives chloroform slowly and cautiously, and narrated several cases where an arrest of breathing took place, but which in all was restored by passing the finger into the throat and frequently slapping the patient till the respiration was started.

Dr. Dalton was called upon for his opinions, based upon extensive physiological experiments upon the lower animals. He narrated many experiments at some length, and gave positive reasons for preferring chloroform for these animals. He had killed animals with both, but with ether it was with difficulty, while with the former he sometimes could not prevent death. In reply to a question by the President, he did not think chloroform to be cumulative.

Dr. O'Reilly gave a theory of nervous action, in which the splenic nerves were paralyzed by the chloroform, and thus death was produced.

Dr. Minor explained that he did not wish to say that he thought chloroform as safe as ether, but as safe in judicious hands. As now used, the per centage of deaths by ether is far less than by chloroform.

Dr. Batchelder gave the result of his personal trials of chloroform some one hundred times upon himself, by inhaling from a bottle with one nostril, the other being closed. It affected the senses first and the voluntary muscles next.

Dr. Gardner thought the proper inquiry was how little was sufficient to produce anæthesia—not how much could be borne. He knew a lady so benumbed, although perfectly conscious, as to have a large tooth extracted, without sensation, with the use of only five drops. If this is thus sometimes so potent, he thought the starting dose, 40 drops, as proposed, too large. He has yet to learn of a case dying in labor from it. [The President said that there had been one reported in New-Hampshire.] When the immense number of such cases is considered, with no mortality, and the great number of deaths in surgical cases, he was inclined to think that there this difference must be, either from the position of the patients or from some mal-administration of the agent. Dr. G. said that his guide in giving it is the respiration; he thinks that it is less dangerous in labor than in surgical cases, because it is not given persistently, but removed during the absence of pain, to be given when it reappears. He had given both by the mouth, 20 to 30 drops of chloroform suspended in the yelk of an egg, but had seen very little effect from it.

Dr. Dalton replied to the President, that he had never failed to obtain anæsthesia with ether upon animals.

Dr. Macfarlane differed from Dr. Gardner in the internal use of chloroform, having noted marked effects in assuaging pain in several cases—one a case of *colica pictonum*.

On motion of Dr. Van Beuren, the further discussion of chloroform was postponed to the next meeting.

Dr. Squib presented specimens and a new method of the speedy preparation of the hydrated peroxide of iron, so commonly employed as an antidote for arsenic.

Dr. Elliott mentioned another new method of its preparation.

The Academy then adjourned.

The Adultery Case in Massachusetts.

REED, THE MUSIC MASTER, RECOGNIZED BY HIS ILLEGITIMATE CHILD—HE IS HELD TO BAIL.

From the Springfield Republican.

On Friday afternoon, some forty residents of Granby, Ct., incuding Mr. Kendall and wife, brother of Miss Kendall, who was seduced by Edwin W. Reed, with the young girl, the alleged daughter of Mr. Reed, visited the prisoner at the jail in this city. They assembled in the office of the jailer, and when ready were admitted by the direction of Sheriff Marsh to the jail, passing down to the basement floor, where they took seats that had been prepared for them. The Sheriff, the young girl and a married daughter of Mr. Reed, of New-Haven, and several others remained on the platform at the door-way, where the meeting was to take place between Mr. Reed and the little girl. The jailer came out with the prisoner from his cell, who walked slowly down the corridor fronting the other cells, casting a glance on the people below. As he was walking down the steps to the platform, the little girl caught his eye, and involuntarily reached out her hands and started forward,—at the same time a smile of recognition lighted up her countenance—then faltering in childlike simplicity, as though she was not quite sure that she knew him; but as soon as he reached the bottom of the steps she sprang to his arms, exclaiming, "Papa, papa." He bent down with suffused eyes, and affectionately kissed her. Mr. Reed's married daughter then quickly stepped forward and gave vent to her feelings in loud sobs, and embracing her father said—"It is *my* papa, too." The young girl was asked if she knew who that man was—referring to Mr. Reed—and she said, "Yes, my papa." Mr. Reed then stepped back, and requested to be allowed to return to his cell, as his staying longer could do no good, except to satisfy idle curiosity.

After he had gone to his cell the child desired to see her "papa," as she expressed herself, and was taken to the cell where he received her kindly and talked with her, and showed her considerable attention for a short time, when she was taken away. His married daughter, who was with him, said to her father, "For God's sake, father, if this is your child, own it, and it shall be taken care of." He replied, "If she was my child, I would not be so inhuman as to disown her." Mr. Reed's two younger boys, lads of ten years and over, came in after the child had gone, and to see them all, father, brothers and sister, sobbing aloud and affectionately embracing each other, and to hear the young boys tell their father of the taunts that they had received from their associates in the street, presented a scene that could hardly fail to bring tears to the eyes of the most stoical.

Some of Mr. Reed's old friends in Granby, who had befriended him when he had his difficulty there a few years since, called on him, and begged of him to disclose everything, if he was guilty, saying, "You know we befriended you when in trouble, and stuck close to you; it now looks dark, but don't keep back anything; tell all." Mr. Reed acknowledged their friendship, and said his true relations with the deceased Miss Kendall would soon be known, and that they would appear to have been honorable and just. The young girl was taken back to Granby by the friends of her mother that brought her here. Before leaving, jailor Adams conducted the party through the different departments of the jail, when they took their departure for home, apparently satisfied with the object of their visit, which was to test the relationship of the little girl with Reed, and his guilty connection with their sister and townswoman. The girl is about five years old, and says her name is Laura Kitty Jones, and that she lived in Fourth-street, South Boston, and likes living at her new home in Connecticut. She is sprightly, has dark hair and keen black eyes, and is quite an interesting and affectionate child.

Mr. Reed still asserts his own innocence of criminal relations with the deceased Miss Kendall, or Mrs. Jones, and claims that his connection with Miss Kendall was an act of humanity, as he says will hereafter be shown. He says that Miss Kendall was first seduced under a promise of marriage, by a young man who went to Mexico, and that Miss Kendall believed he would have returned to fulfill his promise had he not died. Afterwards she had intercourse with an Episcopal clergyman in Connecticut, who is the father of her child; that she sought the protection of the clergyman, who was then a widower, previous to her confinement, and he turned her out upon the world, with no one to care for her, and to be disgraced; and that then he (Reed) became her friend and protector. The story *may* be true, but it is certainly quite improbable; and we suppress the name of the clergyman (which he gives in his conversation) who is thus brought into scandalous relations to this oppressively sad affair.

Mr. Reed, the prisoner, has been ill with erysipelas, but is now recovering, and was taken to Boston by the City Marshal on Friday night, to answer in the courts there to the charge of adultery. The evidence against him is simple and direct, and seems to leave no doubt of his guilt of this crime, nor of his conviction. That he has a lawful wife living in West Springfield, to whom he was married 17 or 18 years, admits of no dispute; and for the other side of the case, three or four members of the family where Miss Kendall (*alias* Mrs. Jones) boarded in South Boston, and where she lately died, will testify that he was in the habit of coming there and living with her as man and wife, sleeping with her, and addressing her, as she him, by the sweetest and most significant phrases of the matrimonial dialect. He has made several such visits during the past year, staying two or three days at a time. Besides this are his letters admitting the same relationship. The prisoner has lost much of that confidence and bravado which marked his conduct when the exposure was first made, and he gave himself up, and he must begin to appreciate the completeness of the evidence of his guilt, and the certainty of his punishment. At the interview with his little daughter by Miss Kendall, at the jail, he shared the melting mood into which the scene threw all who witnessed it. Hard must have been the heart that could have remained unmoved in such a circle.

The Dime of 1860.

DESCRIPTION OF A NEW AND MORE ARTISTIC COIN.

Mint of the United States,
Philadelphia, Dec. 23, 1859.

Gentlemen: In response to your recent note, I have to state that there will be no change in the devices of the half dollar at the commencement of the new year. The impression to which you refer, has no doubt arisen from the fact that we have recently struck several varieties of trial pieces, but it is deemed inexpedient to make any change in the coin above mentioned, or in the quarter dollar, at the present time. The dime, however, will appear in a new, and, I think, improved dress, in 1860. The present wreath on the reverse will give place to a more appropriate and national one, being a festoon composed of the chief productions of our country, interspersed with oak leaves, as emblematic of strength and durability. The legend, "United States of America," will be transferred from the reverse of the coin, where it now appears, to the obverse, or principal side. The device on the obverse is not otherwise changed, but the execution of the dies is somewhat improved. The devices upon the half dime will conform in all particulars, except the denomination of the coin, to the dime. The cent also will appear with a new reverse on the new year. A much improved wreath, composed of oak leaves, takes the place of the present one, and is surmounted by the national shield, or "armorial achievement," as it is termed in the resolution of Congress of June 20, 1782, where it is described as follows: "Paleways of thirteen pieces, argent and gules, a chief, azure." I will venture a brief description of their heraldic terms: The horizontal lines on the top of the shield—"a chief *azure*"—denote a blue color. The paleways of thirteen pieces and spaces—or vertical lines—represent the thirteen original States; the lines denote a red color. The space between the lines is *argent*, or silver, and represents the white color in coats of arms. From this description we learn from whence come the "red, white and blue." The red is symbolical of courage; the white of purity and beauty; and the blue, liberty and equality, particularly as applicable to the union and the equality of the States.

I may add, that the import of the heraldic device which I have described, is frequently mutilated by having *stars* or *mullets* placed on the *chief*; but these do not belong to our "arms," although the former finds an appropriate place on the flag of our country.

I am, very respectfully, your obedient servant,
JAMES ROSS SNOWDEN,
Director of the Mint.
Messrs. Imlay & Bicknell, Bank Note Reporter.

Bounty Land Frauds.

CONVICTIONS FOR FORGING LAND WARRANTS.

The Washington *Star* learns from the Commissioner of Pensions that during the last four weeks the following judicial proceedings have been had, viz.:

Samuel M. Burnett, of Brunswick, Ga., a Judge of one of the inferior Courts of that State, was convicted at the December term, (Justice Wayne and Judge Nicol presiding,) of forging bounty-land claims, and sentenced to two years' imprisonment in the Penitentiary, and the payment of the costs of proceedings.

Edward Strange, of Mississippi, convicted before the Court now in session at Pontotoc, for a like offence. Sentence not yet pronounced.

N. G. Howell, of Cherokee County, N. C., indicted and held to bail for trial for frauds in obtaining pension moneys, as well as bounty-land warrants.

C. F. Dean and Edward C. Dyer, of Massachusetts, indicted for forging bounty-land claims. The latter has just been brought before Court, and has pleaded guilty. It is now ascertained that this person has been engaged in the business of preparing false claims against the Government for some six or seven years, and has been detected within the last fortnight. It also appears that he is an old offender, having served a short apprenticeship in the State Prison about the years 1836-'39. It is to be hoped his skill and ingenuity will be applied to better account for the next dozen years or so.

Probable Murder in a House of Ill-fame.—The Cincinnati *Commercial*, 24th, says: Last night about 20 minutes past 7 o'clock, a young woman named Clara Thompson, was shot by a man whose name is Long Tapman, at the house of Mrs. Noble, on Lodge-street. Tapman, who is a pilot on the steamer *Alma*, was in the habit of visiting Mrs. N.'s house last Summer, but had been there but seldom lately. Yesterday afternoon, however, he went there, and invited Mrs. N. to take a sleigh-ride; Mrs. N. consented to go with him, when he went away. He was then sober and quiet. About 7 o'clock Tapman returned while Mrs. N. was up stairs in her room dressing. He inquired for her and walked up stairs to her room. Mrs. N. at first thought it was the servant bringing up coal, but on turning round, saw Tapman with a pistol in his hand, and apparently under the influence of liquor. She said to him: "What do you want here?" He replied: "I came up to help you dress," and then said that he would shoot her man. She told him that he would not shoot anybody, when he presented the pistol at her. She screamed, and called to Clara that Tapman was going to shoot her. Clara ran into the room, and attempted to kick the pistol out of his hand. He snapped the pistol three times, the unfortunate woman appearing to be so paralyzed with terror that she had not power to move. The fourth time the pistol exploded, the ball taking effect in her left side, and inflicting a wound the attending physician, Dr. Woods, thinks is necessarily fatal.

House of Employment for the Philadelphia Poor.—The Committee appointed by Councils to consider the propriety of establishing a House of Correction and Employment for the Idle and dissolute, concluded their labors on Wednesday last. The conclusions arrived at were that a necessity existed for the institution, and that the Departments of Poor and Prisons should each make application to Councils for appropriations that shall enable the one to purchase ground south of the Prison, to construct suitable buildings for more ample accommodations for prison uses and workshops; and the other to apply to Councils for an appropriation of such an amount as they may deem necessary to enable them to construct suitable workshops at the Almshouse.—*Phila. Sunday Transcript.*

The New Canadian Capitol.—On Tuesday last, 20th inst., Mr. Rose turned the first sod in the process of breaking ground for the Parliament buildings. The ceremony was confined to the residents of the city alone, and all extra parade appears to have been avoided. On such an important occasion, it might have been expected that the Governor-General would have been present, and that the general public would have been notified of the coming event. The comparative secrecy gives confirmation of the report, that there is to be next session a combined movement of supporters of the Ministry in Lower Canada, to break up the Ottawa arrangement altogether.—*Toronto Globe.*

Princeton College.—The funeral of Prof. Hope, of Princeton, was largely attended on Tuesday. The sermon was preached by Rev. Dr. McLean, President of the College. The people of the town showed their respect for Dr. Hope by closing all the stores. He was beloved by the whole community. The Board of Trustees of the College of New-Jersey, at their meeting on Tuesday, elected Rev. J. Addison Alexander, D. D., of the Theological Seminary, a Trustee of the College, in place of his brother, Rev. J. W. Alexander, deceased.

PERSONAL.

The long rumored fact that the Empress Eugenie has determined to abolish crinoline has been announced in a quasi-official manner by the lady who signs the "Courrier de la Mode" of the Paris *Patrie*, the Viscountess de Renneville.

Baron De Meneval, French Minister at Munich, says the *Nord*, has resigned his post. Not being able to overcome his grief at the loss of his wife, he is about to proceed to Rome, where, after a certain time of preparation, he will enter into holy orders.

Mr. Watson, an actor, was recently wounded at Halifax, (Eng.,) during the performance of "William Tell." In the second act where *Tell* instructs his son in the art of shooting, an arrow strayed from its aim, and deprived Mr. Watson of the sight of one eye.

Col. S. W. Morton has resigned the office of Deputy Secretary of State, in consequence of the time being occupied in his new enterprise of a newspaper in Brooklyn. The Secretary of State has appointed Dr. J. C. Tucker in his place.

The Mobile *Mercury* says that Hon. J. A. Stallworth, M. C., from the First Alabama District, who has been prevented by severe indisposition from taking his seat in Congress, is now improving rapidly and expects to start for Washington at an early day.

By the death of Hon. Linn Boyd, Hon. Thomas P. Porter, President of the Senate and Senator for the Thirty-second District, composed of the counties of Woodford, Jessamine, and Franklin, becomes the Lieutenant-Governor of Kentucky.

Vice-President Breckinridge reached Cincinnati, from Washington, on Monday night last, and started for his home Tuesday morning.

MISCELLANEOUS.

The immense product of the Gloucester fisheries, amounting to some 150,000 quintals Cod Fish and from 40,000 to 60,000 barrels of Mackerel annually, finds its principal market in New-York City. To transport this large quantity, says the Boston *Traveller*, many vessels are constantly employed belonging to Gloucester, Salem, Harwich and Dennis. The Cape Cod vessels are largely engaged in this business, and a fleet of fine schooners from Gloucester. The arrivals of vessels at New-York, from Gloucester, annually, are nearly as many as arrive at Boston from Gloucester.

The Post-office in Athens, Ga., was robbed, on the 9th inst., of between $300 and $400 in money and stamps. An attempt was then made to fire the building, while those having the office in charge were at supper. Fortunately they returned before the fire got under way. Suspicion fell at once upon a young man—D. Palmer, Jr., lately from St. Louis—who had recently rented the rooms above for ambrotyping and photography. He was arrested, and the money, &c., found in his possession. He made a full confession, and stated that he had accomplices in town.

The prisoners in the Marion County (Indiana jail have mock trials nearly every day. A week or two ago they sentenced a wife-murderer to death, tore a blanket into strips, and suspended the convicted man from the balcony of his cell. The turnkey had his attention attracted by the noise which was made, just in time to rescue the man from a premature hanging.

A libel suit was commenced on Saturday by the New-Jersey Railroad Co. for $25,000 against the Trenton *True American*. The Company have engaged as counsel Hon. W. L. Dayton, and ex-Governor P. D. Vroom. The *American* intends to bring a counter-suit against the Vice-President and first Superintendent of the Company. Articles in the *American* during the late canvass, reflecting upon the Company, gave rise to the difficulty.

The Claremont (N. H.) *Eagle* says that the manufacturing corporations of that town have been and still are reaping a harvest unequaled in ten years. The demands upon them from all quarters have been beyond their power to supply, though their looms have been worked to their full extent.

John P. Warren, who drowned his wife some time ago, and who was put on trial last week, in the Tolland County (Conn.) Superior Court, changed his plea, after the commencement of the trial, to one of guilty of murder in the second degree, and was sentenced to the State Prison for life.

The 5th of December was the day fixed for unveiling the monument which has been erected in honor of Mozart, on the supposed place of his interment. It consists of a figure on a pedestal, and as a matter of course the figure represents Polyhymnia as the inventress of harmony.

Henry Styenheiser, of Cincinnati, was arraigned for beating his wife. He defended himself upon the ground that he had a right to whip her whenever she transgressed, as he would a child. The plea was not accepted, and the belligerent husband was committed to prison to ponder over his impracticable theory.

A thief, known as Bristol Bill, is imprisoned at Leavenworth (K. T.) charged with nearly every crime below murder. He has, among other misdemeanors, robbed the Indians of innumerable horses, mules, and other cattle, and a few months since succeeded in stealing nine horses which belonged to the United States Government.

"Old Billy," who has carried the *Courier* since its existence, has died in Charleston, S. C. He always wrote his own addresses, which made up in honesty what they lacked in poetry, and for years has been a faithful attendant at the Jewish Synagogue on the day of Atonement, making his appearance on those occasions in a ruffled shirt.

John Kain, tried and sentenced for life in the Ohio State Prison, for having shot the seducer of his daughter after having been in confinement more than two years, recently obtained a new trial by means of a writ of error. He was acquitted by the jury, which is said to have been influenced in coming to this decision by the issue of the Sickles trial.

A singular phenomenon occurred in the towns Victor, Bloomfield and Mendon, during a late snowstorm. Spherical balls of snow, from six to eighteen inches in diameter, and every one perforated longitudinally—the largest having holes sufficiently large to enable a man to insert his arm—were seen rolling in the snow. It is presumed that they were formed by the wind.

The attorneys for Henry Shaw, of St. Louis, defendant in the celebrated Carstang breach of promise case, are collecting testimony in Cincinnati, where the plaintiff once resided. The *Enquirer* says that Miss Carstang has followed the attorneys there, as well as elsewhere, to learn what new points are likely to be presented on the next trial.

Mr. Bates, of Cincinnati, refused to pay to Mr. Morton, whom he had engaged as leading actor in a theatre in that city, the sum of $25 a week, with which he had agreed to compensate him for a fixed time, on the plea that he was incompetent. In an action brought by Mr. Morton, the Court overruled this defence and awarded the full amount claimed.

The Auditor of the Public Accounts of Virginia paid over, on the 16th, to the Commissioners of the Sinking Fund, $848,255 50, to pay the Interest on the Public Debt, due on the 1st proximo, of which $356,085 will be transmitted to New-York, and $492,170 50 will be disbursed at the State Treasury.

A printed circular, dated Derby, Conn, and addressed to the "Connecticut Manufacturers," proposes a Connecticut Manufacturers' Convention, to "settle a line of policy which shall place each and every manufacturer before the eyes of the world as he is—a promoter of Union or Disunion."

The U. S. steamer *Dispatch*, which has been almost entirely rebuilt, was launched at Norfolk, Va., on the 15th inst. She will soon be ready for sea, and will probably receive a new name—either the *Choctaw* or *Minnehaha*. The *Dacotah* is also preparing for sea at that station.

The Shore Line Railroad Company, which extends from New-Haven to Stonington, has tested, with complete success, the experiment of placing prepared India-rubber at the ends of each rail to prevent the noise and jolting so common on almost all roads.

It is stated that under the late decision of Postmaster-General Holt, Mr. Jesse Thorn, Postmaster at New-Market, Middlesex County, N. J., has decided that Abolition documents, and especially Helper's *Impending Crisis*, shall not be delivered from his Office.

The "Union Wesley Meeting-house in Washington, Rev. J. P. Hamer, pastor in charge, was destroyed by fire on the 18th, together with five small frame buildings adjoining. These last contained all the earthly possessions of their humble tenants, and were uninsured.

Certain parties in Taunton and Berkley, (Mass.) have, it is said, lately been summoned before the United States Grand Jury in Boston to give evidence touching frauds alleged to have been perpetrated upon the General Government in the procuring of land warrants.

Mr. T. Kohn, a merchant of Hartford, had his pocket picked of $1,100 in this City on the 1[illegible]th inst., while going from the New-Haven Railroad Depot to the Astor House. By stopping the payment of drafts, he reduced his loss to $800, and now offers $200 reward for the detection of the pickpocket.

Mrs. Forester, of Springfield, Mass., was arraigned for disturbing one of the Charles-street schools, in that city, by the use of indecent language to the teacher in the presence of the scholars. She was sentenced to pay a fine of $4 and costs, in all $12 50.

Dr. Carrier recently eloped with a daughter of Capt. Dougherty, a retired British officer residing in Malden, C. W. He first secured from the father $300 for professional services rendered to the young lady, and appropriated the amount to carrying her off.

The students of Roanoke College, at Salem, Va., met on the 3d inst., and adopted resolutions that they would burn in effigy W. H. Seward, J. R. Giddings, and Wendell Phillips, and that they would ever be ready to defend Virginia and her rights.

The Georgia Methodist Episcopal Conference lately reprimanded a minister for attending a circus, and subsequently unanimously resolved that a minister or layman who visited a show of any description should be excluded from the Church.

Two men, named Crux and Gargus, have been arrested in Fairfax County, Va., for circulating Helper's book through the post-office. Crux was examined before a Justice, and held to bail in the sum of $2,500.

The population of Augusta, Ga., according to a recent census, is 16,984, of whom 8,385 are males, and 8 599 females. The population is divided as follows: Whites, 10,729; slaves, 5,886; free negroes, 369.

At least two hundred ladies in Providence, R. I., have had their shawls and dresses ruined within the last three months, by having lamp-oil poured upon them while walking the streets.

The Senate of Mississippi has passed a bill to exclude from circulation in that State the bank issues of other States of all denominations under twenty dollars.

The total number of tons of coal shipped during the season from the mines in Allegany county, Md., were 408,919, of which 6,437 tons were shipped last week.

A new kind of cotton is being grown in South Carolina. The fibre is nearly two inches in length, and is as fine and glossy as floss silk.

Two Frenchmen, living in Pittsfield, were run over and killed, while walking on the track of the Western Railroad, on Monday night.

Mr. C. A. Phelps, the President of the Senate of Pennsylvania, gave a *levee* last Thursday evening, at which Gov. Banks was present.

Spencer Scofield, a slave of Mrs. Mary E. Coulbourn, of Princess Anne, Md., died on the 16th inst., aged over 100 years.

A negro, named H. Ford Douglass, is entertaining the people of Iowa with lectures on John Brown and Abolitionism.

The Legislature of Georgia have passed a law prohibiting the *post mortem* manumission of slaves.

stifling pressure, too, of this incubus, the department is forced to continual efforts to ameliorate its condition, which must often result in curtailments to be deplored, because they deprive the public of mail accommodations for which they have fully paid, and which they are therefore entitled to enjoy.

Another potent reason for the abolition of the franking privilege as now exercised, is found in the abuses which seem to be inseparable from its existence. These abuses, though constantly exposed and animadverted upon for a series of years, have as constantly increased. It has been often stated by my predecessors, and is a matter of public notoriety, that immense masses of packages are transported under the Government frank, which neither the letter nor the spirit of the statute creating the franking privilege would justify; that a large number of letters, documents, and packages are thus conveyed covered by the frank of officials, written in violation of law, not by themselves, but by some real or pretended agent—while whole sacks of similar matter, which have never been handled nor seen by Government functionaries, are transported under franks which have been forged. The extreme difficulty of detecting such forgeries has greatly multiplied this class of offences, whilst their prevalence has so deadened the public sentiment in reference to them that a conviction, however ample the proof, is scarcely possible to be obtained. The statute of 1825, denouncing the counterfeiting of an official frank under a heavy penalty, is practically inoperative. I refer you to the case reported at length by the United States Attorney for this District, as strikingly illustrating this vitiated public opinion, reflected from the jury box. The proof was complete, and the case unredeemed by a single palliation, and yet the offender was discharged unrebuked, to resume, if it should please him, his guilty task. This verdict of acquittal is understood to have been rendered on two grounds. First, that the accused said he did not commit the offence "to avoid the payment of the postages;" and second, that the offence has become so prevalent that it is no longer proper to punish it. These are startling propositions, whether regarded in their legal, moral or logical aspects. They announce that to render the violation of a statute legal, it is only necessary to render it general; and that the counterfeiter of the frank of a member of Congress, in order to shield himself from punishment, has only, when arrested, to declare that he committed the infamous crime from no hope of pecuniary gain—thus reversing that axiomatic principle of philosophy and of law which teaches that a rational agent shall be held to contemplate and design those results which necessarily follow from his conduct. If such language as this, coming up from the criminal courts of the country, does not arouse Congress to the necessity of promptly performing this already great and rapidly growing evil, then it is to be feared that nothing can do so. The franking privilege has thus become an active instrument of public demoralization. When a crime is committed under the influence of strong temptation, a large measure of integrity may remain with the offender; but where an offence like this, essentially mercenary in its spirit, and creepingly clandestine in its perpetration, is committed for the gain of a few cents, and when such offence becomes wide-spread in its prevalence, it evidences a condition of the public morals which cannot be contemplated without profound sorrow and the liveliest apprehensions. Did no other reason exist than these abuses and the disastrous consequences to which they lead, Congress would be fully justified in abolishing the franking privilege.

Of the substitutes which have been proposed, that of prepayment by stamps, as recommended by my predecessor, is probably to be preferred. It would harmonize with the existing system, and being eminently just, simple and practicable, it could be put into immediate operation without the slightest embarrassment. That a part of the abuses enumerated might still prevail, is not denied, but their consequences would fall, as they should, on the Government by whose officials they were perpetrated, instead of on this department, as they do at present.

While the franking privilege was enjoyed by the British Parliament, it was limited in its exercise, by the assignment of a given number of franks to each member per day, and the adjustment of this question by Congress would present a favorable moment for considering whether the public interests do not require that some similar restrictions should be imposed upon the unlimited license that now prevails.

But the restoration of the department to its original independence cannot be accomplished without the adoption of another measure of justice—that of charging on the public treasury all

ROUTES NOT STRICTLY POSTAL.

The revenues of the Department constitute a special trust fund, of which the treasury is the custodian, and the Government of the United States the responsible trustee. This fund belongs to those by whom it has been contributed, and stands pledged to meet the wants of the postal service. The Government, as such, has no interest in it, but has simply charged itself with the duty of faithfully administering it. There could be no more distinct and emphatic declaration of the position asserted, than is found in the act of 1836. The Government there fully recognizes and announces its relation to the postal fund, and, in view of this recognition, any appropriation, in whole or in part, of the revenue of the Department to purposes not strictly postal, is as flagrant a breach of trust as would be the application of the Smithsonian fund to the improvement of a river or harbor. It is well known, however, that for a series of years the Government has been occupied in advancing certain great national objects in the direction of our Pacific possessions, the entire burden of which has been imposed upon this Department, though its connection with these objects is exceedingly slight and only incidental. The subjoined table—a portion of which has already been presented in another connection—will exhibit the cost and products of a few of the post routes in that region, which have been established and put into operation by authority of law, and will make manifest the deplorable extent to which the Postal fund has been diverted from its legitimate purposes. To avoid fractions, the *annual rate* is given for the year, closing June 30, 1859:

	Cost.	Rece'ts.	Loss to Department
Semi-weekly mail from St Louis and Memphis, *via* El Paso to San Francisco	$600,000	$27,229	$572,770
Weekly mail from St. Joseph, Mo., to Salt Lake City	190,000	4,210	185,790
Monthly mail from Neosho, Mo., to Albuquerque	17,000	320	16,680
Monthly mail from Kansas, Mo., to Stockton, Cal	79,999	1,255	78,744
Weekly mail from San Antonio, Texas, to San Diego, Cal.	196,448	601	195,847
Weekly mail from Salt Lake City to Placerville	130,000	1,203	128,797

This table presents results which are truly startling. The $600,000 paid annually for carrying a few sacks of letters from the valley of the Mississippi, *via* El Paso, through a waste and uninhabited country, would defray the aggregate cost of mail transportation, including route agents, local agents and messengers, in the States of Kentucky, Tennessee and North Carolina. The Post Office at Salt Lake City yields a revenue of but $700, and yet to connect that office with the valley of the Mississippi and the Pacific this Department expended during the past year $320,000. It will be observed that the annual loss from the six routes mentioned above is $1,178,629 05. The ocean mail service to California, heretofore on the Treasury, except the cost of transit on the Panama Railroad, is now a charge on the Department, and under the present advantageous contract will result in a loss during the current year, of at least $51,027 31. This, added to the $1,178,629 05 will exhibit a total loss for these seven routes, of $1,229,756 35—a sum sufficient to pay the entire expense of transporting the mails and the salaries of route and local agents and messengers in the States of Maryland, Pennsylvania and New-York. It would improve the postal facilities in all our cities, towns and populated districts, giving daily mails to those who are entitled to them, but who now have but a tri-weekly service, and tri-weekly to those who have but weekly accommodations. The power of steam and the electric telegraph have awakened in the most remote districts and in the most tranquil villages an energy and restlessness of social and commercial life, known in other years, only amid the great commercial emporiums of the world. As a consequence, daily mails are rapidly becoming a universal necessity, and are now insisted on as a right by the smallest communities. Hence, it has been impossible to make the slightest curtailments, without provoking remonstrance and rebuke. But in presence of the statistics which have been presented, when the public complain that the postal service is not equal to the activity of their business and social relations, they should make such complaints heard, not here, but in the halls of Congress. They should appeal to their representatives to restore to this department its revenues which are now squandered in the wilderness, and when this shall have been done, and the other measures of justice and reform herein recommended shall have been adopted, then, by the practice of a severe economy, every reasonable demand upon the service can be met.

A comparison of the expenses and products of the routes named, leaves no room for doubt that the postal communication which they afford is not looked by the government as an end, but as an instrument for the advancement of ulterior objects. Indeed, it has not been concealed, but openly avowed by the friends of the policy which maintained these routes, that they were intended as the pioneers of civilization; as the means of rapid and regular communication between remote military posts and the Government, and most especially as an instrumentality for promoting the settlement of our frontiers, and thus appreciating the value of the national domain. That these and kindred objects which may have been contemplated by the authors of this policy, are fully within the range of action which a great and enlightened government may prescribe for itself, will not be denied. But such objects are national and not at all postal in their character, and being intended, as they are, to advance the interests of the entire body politic, the expenditures which they involve should be met from the common treasury. The postal service does not lead, but follows population, and the devotion, directly or indirectly, in aid of schemes of colonization, of those revenues which are consecrated and set apart for the maintenance and expansion of mail accommodations, is a manifest breach of one of the most solemn obligations with which the Government has charged itself. It would be easy to distinguish the routes falling within this category of non-postal, and were their establishment and regulation by Congress accompanied by a provision that, after the application of the revenue arising from them to their support, the balance due the contractors and other agencies should be defrayed from the Treasury, complete justice would be done to the Department, and the Government would have fully discharged one of the highest responsibilities which rests upon it as trustee of the postal fund.

Not to pursue the subject further, in view of what has been done and proposed, the financial status of the Department would be as follows:

Deficit for the year ending June 30, 1859	$6,906 609 26
Contra.	
Annual retrenchment from curtailments already made—less $287,250, of the $637,250 saved on renewal of contract for Ocean Service to California—which $287,250 having been payable out of the Treasury, the gain inures to it instead of to the Postal revenues	$1,539,221 03
Revenue from Government postages, on abolition of franking privilege, estimated at	1,800,000 00
Reduction of cost of railroad transportation	1,084,558 00
Payment by Government on routes non-postal	1,229,756 33
Total	$5,653,535 36

This aggregate of $5,653,535 36, deducted from the deficiency on 30th June, leaves a deficit of $1,344,473 90, which the gradual increase of receipts and the curtailments still practicable, would overcome in a few years, and the Department be thus restored to complete independence.

There are those who propose, as a substitute for these just and salutary reforms, an increase of the existing rates of postage. To this, I am well persuaded, the popular judgment is decidedly opposed, and this opposition rests mainly upon the conviction that if the Post-office Department were justly dealt by, it could and would sustain itself without any change in the prevailing rates. This conviction I fully share, and believe that until the experiment of rendering it self-supporting by the measures which have been discussed shall have been made, it would be unwise and unjust to impose any additional burdens on the correspondence of the country. If that experiment, upon being tried, shall fail to restore the Department to independence—which cannot be anticipated—then an enlightened and liberal people will not hesitate to authorize any augmentation of the rates which may be required—but not until then.

This department cannot much longer occupy its present position. If not allowed to return to the principles on which it was conducted in its earlier and better days—the days alike of its independence, its efficiency and its renown—borne down by the pressure of the existing course of legislation, it must ultimately become an established burden on the national revenues. The first step which would probably follow thereafter would be for Congress, in creating and adjusting the principal post routes, to declare what should be the compensation of the contractors. This would open an almost illimitable field for mercenary intrigue and spoliation. An approach to the inauguration of this system has already been made, and the results are before the country. Since 1853, Congress has interposed and made extra allowances to contractors, amounting to $649,161 22 beyond what the department regarded them as entitled to receive under contracts, and beyond what it was believed the postal service demanded or justified. It has also fixed the compensation for the semi-weekly overland mail at $600,000 per annum, though the receipts from the route are but $27,229 94, and for the transportation of the California mails *via* the Isthmus, it paid annually $738,250, though the same service—less that from San Francisco to Astoria and San Diego—under a recent contract with the department, is now performed at the rate of $351,000 per annum, with an arrangement for its further reduction. These are fair illustrations of the fruits which naturally, if not inevitably, follow from transferring the Contract Bureau of this department to the Halls of Congress. Should this step be taken, the department being thus completely dependent and sustained by an exhaustless treasury, and having no longer the powerful motive to economy which has ever been the conservative element of its being, would be tempted to plunge deeper and deeper into schemes of extravagance and waste, until it may be well apprehended all the safeguards of its purity would finally disappear. With its army of postmasters and contractors, now numbering 36,000 and constantly increasing; with its vast train of other dependent instrumentalities; with its twenty millions of disbursements—for they will soon reach and surpass that sum—and with its ramifications extending to every city and village and neighborhood in the Union, it could not fail to be seized upon by ambitious hands, and wielded for political power, until the very air of its being might become an atmosphere of political corruption. The gigantic system of internal improvements by the General Government, which a few years since was overthrown by the voice of the American people, in the omnipresence of its complete development, could scarcely have proved a more potent instrument for exhausting the treasury and depraving the public morals.

The Post-office Department, in its ceaseless labors, pervades every channel of commerce, and every theatre of human enterprise, and while visiting, as it does kindly, every fireside, mingles with the throbbings of almost every heart in the land. In the amplitude of its beneficence, it ministers to all climes, and creeds, and pursuits, with the same eager readiness, and with equal fullness of fidelity. It is the delicate ear trump, through which alike nations and families and isolated individuals, whisper their joys and their sorrows, their convictions and their sympathies, to all who listen for their coming. Naturally enough, such an institution has ever been and still is a cherished favorite with the American people. The country has constantly manifested the most intense solicitude for the preservation of its purity and the prosperity of its administration, and it cannot now be disguised that the guilty abuse of ministrations, and the reckless waste of its hard earned revenues, connected with the humiliations to which it has in consequence been exposed, have deeply and sadly impressed the public mind.

I have the honor to be, very respectfully, your obedient servant,

J. HOLT.

TO THE PRESIDENT.

THE NAVY.

Report of Secretary Toucey.

Secretary TOUCEY's report opens with a *resumé* of the results of the Paraguay Expedition. The Expedition consisted of nineteen vessels, carrying 200 guns and 2,500 men, and its expenses were defrayed out of the ordinary appropriations for the naval service, except the sum of $289,000 appropriated by Congress to pay for the charter or purchase of seven light-draught vessels. The sums due for the use of them amounted to $137,693, and the balance, $151,307, was paid on their becoming the property of the Government. Five of them are now employed on the coasts of Africa and Cuba, one in the La Plata, and the seventh plies as a tender between the Washington and Gosport Navy Yards. The Secretary proceeds to state that the purchase of these steamers enabled the Department to adopt more efficient measures for the suppression of the African Slave-trade. Their light draught enables them to enter the harbors and rivers where the slave traffic originates. Eight steamers have been detailed to suppress this trade, four to cruise on the coast of Guinea, and an equal number on the coast of Cuba—two on each side of the island. It is intended to employ another steamer to cruise between New-Orleans, Mobile, Pensacola and Key West, for that and other purposes. The African squadron now consists of three sloops-of-war and four steamers. To enable it to be constantly in the neighborhood of places where the traffic is carried on, the dépôt of naval supplies has been removed from Porto Praya to St. Paul de Loando. On this subject, the report further says:

"This constant presence of a squadron of steam vessels on the coast of Africa, and a similar provision on the coast of Cuba, will render the slave traffic so dangerous for American vessels that few will be willing to embark in it. What the effect of breaking up the trade will be upon the United States or Cuba it is not necessary to inquire; certainly, under the laws of Congress and our treaty obligations it is the duty of the Executive Government to see that our citizens shall not be engaged in it, and that our flag shall not be used for its purposes."

Since the commencement of the present Administration, twenty steam vessels have been added to the Navy. The seven steam screw sloops-of-war—*Mohican, Naragansett, Iroquois, Wyoming, Pawnee, Dacotah* and *Seminole*—have been launched, and are all in commission, except the three last named. The *Lancaster* and *Hartford* are respectively the flag ships of the Pacific and East India squadrons. The *Pensacola* and *Richmond* are ready for their machinery. The *Pensacola* and the *Seminole* have been built at the navy-yard in Florida, and are the first ships of war constructed there. Satisfaction is expressed with their construction. The building of the *Saginaw* on the Pacific side, at the Mare Island navy-yard in California, is cited as a proof of the competency of the Government to meet the demands of the Navy, both for construction and repair, in the Pacific Ocean, without doubling Cape Horn. The Secretary argues that we can construct and maintain a Pacific squadron from the timber and other resources of California and Oregon, with but little aid from the Atlantic side. Notwithstanding this increase of the Navy, the Secretary renews his recommendation of last year for a still further increase. The cost of the twenty steam vessels already added, has been less than $5,000,000; while the sum retained in the Treasury by the policy of the retrenchment of Naval expenditure is more than $3,000,000. If Congress continue this policy during this next fiscal year, there will be retained in the Treasury a million and a-half or two millions more. The Treasury, therefore, will be nearly or quite indemnified for the cost of the twenty vessels already built or purchased, by a corresponding retrenchment of naval expenditure. The Secretary further argues, independently of financial considerations, that the protection of the coasting trade on the Atlantic and Pacific, of five millions of commercial tonnage, six hundred millions of foreign exports and imports, and of American citizens and interests in all parts of the world, imperatively requires a more efficient and powerful naval force than we now have at command. He suggests that the old style of vessels be discarded, and that a much larger number of steamships be added to the Navy; and adds that "it is a source of extreme regret and mortification that we are now at times obliged to sit by passively and see in some foreign countries citizens of the United States imprisoned, plundered, and murdered, because the Executive has not the means to protect or redress them."

The gradual increase of the Navy has occasioned a corresponding enlargement of its marine, medical and pursers' departments. The recommendations of a former report, in relation to these branches of the service, are renewed, and the necessity of an increase is urged. The Naval Academy is prosperous; 20 acting midshipmen graduated in June; 133 have since been permitted to be examined for admission, and of these, 86 were found qualified and admitted. In order to provide additional facilities, the new members of the fourth class of acting midshipmen have been transferred to the sloop-of-war *Plymouth*; a measure which is regarded as a decided improvement—subjecting the pupils to stricter discipline. At the close of the last academic year, there were but 197 midshipmen in the Navy—a deficiency which the Secretary laments. The want has been partially supplied by rating enlisted seamen and landsmen as master's mates, to the number of about 160, at an annual expense of more than $60,000, to perform the proper duties of midshipmen. The absolute necessity of an improvement in this particular is earnestly urged. The Board of Naval Officers, appointed to witness the examinations, has made a favorable report of the general management of the Academy.

Six squadrons have been on duty during the year, viz., the Home, Pacific, Brazil, Mediterranean, East Indian and African. The Home Squadron has consisted of thirteen vessels, under Commodore MCCLUNEY; the Pacific Squadron of nine vessels, under Coms. LONG and MONTGOMERY; the Brazil Squadron of six vessels, under the successive command of Coms. FORREST, SHUBRICK and SANDS; the Mediterranean, of two vessels, under Com. LAVALLETTE; the East India, of four, under Com. TATTNALL; the African, of nine, under Com. CONOVER.

The report gives a detailed account of the movements of the squadrons, and alludes to the affair of the steamer *Washington* and H. B. M. frigate *Valorous* at San Juan, as follows:

"On the 25th of November, 1858, Flag-Officer MCINTOSH arrived at San Juan de Nicaragua in the steam-frigate *Roanoke*. Learning that two officers from the British steam-frigate *Valorous*, then lying in that port, had a few days before visited the steamer *Washington*, on her arrival there with passengers bound to California, and while on board of her closely questioned her commander, he opened a correspondence with the senior British officer present, requesting an explanation. It was given in a frank and candid manner. The visit was avowed to be one of friendly inquiry, usually made by ships-of-war when vessels enter a port where they are lying, and not an attempt to revive the practice of search, against which this Government, a few months previous, had taken decisive measures. The explanation was satisfactory to Flag-Officer MCINTOSH, whose course on this occasion was regarded as prompt and judicious, and received the warm approval of the department."

Discretionary powers have been given to Flag-officer TATTNALL, on being relieved by his successor, to return home with the *Powhatan* by way of Japan, and, if the Japanese Commissioners are ready to embark for the United States, to give them a passage to Panama. The vessels of the African squadron have captured three slavers on the African coast—viz.: the *Orion, Ardennes* and *Emily*; all of which were brought into the port of New-York. The survey and exploration of the Parana and the tributaries of the Paraguay River, suspended during the difficulties with Paraguay, have been resumed by Com. PAGE, who reports that he has received valuable assistance from the Brazilian Government. The explorations of Lieut. BROOKE, in the *Fenimore Cooper*, among the islands of the Pacific, have been attended with satisfactory results. The surveys made by Lieut. BROOKE, at Cornwallis Island, will enable vessels to approach it safely to ship guano. The surveys next to be undertaken will be made among the islands south of Japan, and along the Japanese coast. The Chiriqui contract, made on the 1st of May last, is detailed in the report. This contract was made conditionally with the Chiriqui Improvement Company, in order to secure the following advantages: A right of way through the Province of Chiriqui from the Caribbean Sea to to the Pacific, for a period of sixty years; a grant of five thousand acres of land on each side of the Isthmus for naval stations and dépôts; the right to use as harbors the gulf and bays surrounded by the lands of the Company, and the right to all the coal found in the region, subject only to the tax of one dime per ton, and the cost of mining and delivery. In compensation for these privileges, the department contracts to pay the Company the sum of $300,000, conditional upon the ratification of the contract by Congress; otherwise, the contract to be void. The Secretary dilates upon the importance of executing this contract; claiming that the value of the privileges to be so extended cannot be too highly appreciated, and arguing that great benefits to the naval service would enure therefrom.

No appropriation having been made for improvements in the Navy-yards, the public works of that description have been suspended, and no estimates are presented for their continuance during the next fiscal year. A thorough examination of the Atlantic Navy yards has been made, and instructions have been issued for the establishment of a uniform system of organization and management, adapted to insure economy, efficiency and responsibility. An appropriation for the purchase of a sufficient supply of saltpetre is recommended; also, the employment of a larger force in the Naval Observatory, and aid for the Nautical Almanac.

The report concludes with a statement of the appropriations and expenditures of the year, and the estimates for 1860–61, as follows:

For the support of the navy and marine corps, and all other objects under the control of the Navy Department, for the fiscal year ending June 30, 1858, the estimates were $13,803,212 77; appropriation, $14,240,247 27; expenditures, $13,870,684 76.

For the fiscal year ending June 30, 1859, the estimates were $14,616,298 23; appropriations, $14,508,354 23; expenditures, $14,659,267 76.

ESTIMATES FOR 1860–61.

For the fiscal year ending June 30, 1860, the estimates were $13,500,370 80; appropriation, $10,464,709 55.

The estimates for the fiscal year ending June 30, 1861, are $11,244,845 63: that is to say, for the navy proper, $9,977,115 58; for the marine corps, $699,736 05; and for all other objects, $567,994.

THE ARMY.

Report of Secretary Floyd.

WAR DEPARTMENT, Dec. 1, 1859.

SIR: The authorized strength of the army is 18,165 men, all told. On the 1st of July, the date of the last complete returns, the actual number reached 17,498. Of this number there are not more than about 11,000 men available for active service in the field. This little force has been engaged, with its usual activity and efficiency, since the date of my last report, in the discharge of its arduous and multifarious duties, being required to man 130 permanent garrisons, posts, and camps, scattered over an area of three millions of square miles. Under these circumstances it has been obviously impossible to give that ample and perfect protection to our whole frontier which our citizens have a right to expect, and which it is the duty of Government to afford. Indian depredations have been committed on our southern and Mexican border, which as yet have been unchastised for the want of men. I hope to make such an alteration in the disposition of the troops next season as will prevent any repetition of these outrages in future on that frontier.

It has been truly said that to call ours a peace establishment is a mere abuse of terms. All the incidents pertaining to an active war establishment characterize our service throughout the year, excepting only the casualties upon the battle field; and these, in our service, are far from being few or insignificant. The sudden calls to which our troops are constantly liable, the length of marches to be made, the amount of real and severe fatigue, privation and hardship to be endured by them, are not exceeded in any service, nor at all equaled on any peace establishment whatever. The cheerfulness, alacrity and efficiency with which they have performed their duties, entitle them to the commendation of the country. The positions held by our troops at the date of my last report are, in the main, those they still occupy, being the best to secure the peace of our Territories, and to give protection to our frontiers and the overland routes to the Pacific. The papers communicated with this report will show, somewhat in detail, the movements of the troops and the results of them.

The war which last year was going on with the Comanches and Kiowas is still unfinished, but the theatre of it is extended from the western part of our Texan boundary to the region lying towards the head-waters of the Arkansas and Canadian rivers. Proper measures have been taken to subdue those tribes, and to give perfect protection to the routes from Missouri and Arkansas to New-Mexico.

In connection with the subject of frontier defence, I venture to submit a plan which, if approved by Congress, will, I am confident, be productive of great ultimate good to the country and an essential saving to the treasury. It is to allow by law the enlistment of men for the mounted corps, whose term of service shall continue for the period of six months, beginning in May. These men should be required to furnish their own horses, for which a liberal per diem compensation ought to be allowed to them, but no remuneration for loss or damage unless the commanding officer should certify that the horse had been actually killed or rendered useless by injury in battle. These six months' recruits should compose one-half of the mounted regiments, and, if necessary, that number of the present force should be disbanded to make room for them. They would be composed of the best young men of the frontier, many of whom would gladly enter the service for that length of time, but would never think of enlisting for the term of five years. It is no objection to say that six months would be too short a time to make disciplined troops of these men. They would all be skillful riders and dexterous in the use of fire-arms—soldierly accomplishments which it takes years to teach, inadequately, to many of our mounted men. As they would go at once into the field, they would need little beyond a knowledge of routine necessary in camp life, for they would be already fitted for spy or scout duty, so essential in Indian warfare. In actual battle with the Indians, success is more owing to individual prowess, skill in arms and horsemanship, than to discipline.

After a few years, this system would supply the frontiers with a very large number of settlers sufficiently instructed and disciplined to give them confidence and self-reliance, whose personal knowledge of the country and the haunts of the savages would render them fully capable of either defence or attack. In point of economy, great advantages would accrue to the country. It would save all expense for the forage of half the number of horses belonging to the mounted service; it would save the pay, clothing, subsistence, fuel and quarters of the same number of men for half the year, and during the most expensive part of it, the Winter; and whilst giving a fresh supply of good horses every year, would cost the Government nothing for them. To prevent any miscarriage of the plan, it might be introduced gradually, and in such manner as not to impair the efficiency of the service or to endanger the security of the frontiers.

The Texan and New-Mexican people would, beyond doubt, gladly embrace such an opportunity to enter the service, than whom no better troops for such service could be found. This system would save considerable sums in the hire of spies and guides, nearly all of whom are now taken from this class of men.

I again bring to your notice, and urge upon your special attention, the recommendation which I have heretofore made on the subject of the staff corps. Longer experience convinces me more and more of the beneficial effects to the military service which would result from the adoption of these recommendations.

I venture again to call your attention to the urgent necessity for an additional Inspector-General. Our territory is too large for the duties of inspection to be performed by the present officers, and the duties are far too important to be neglected.

RETIRED LIST.

There is another measure for increasing the efficiency of the Army, which was recommended by my predecessor. I fully concur in it, and recommended it in my annual reports. This is a provision for retiring disabled and infirm officers. Separate bills for effecting this object, identical in language, were reported from the respective Military Committees of both Houses of Congress at the last session. The provisions of these bills meet my entire concurrence. They secure to every officer a fair and open examination of his case, with the privilege of adducing testimony to be put on record and submitted to the examination of the President, who must concur in its sufficiency to establish disability for active service before the officer can be retired. Their enactment will benefit the public service, and at the same time make a fair provision for officers who may have been worn out in the service, whilst it will carefully guard the rights of all who may be affected by its operation, and exclude the influence of favoritism or prejudice. The many objections which have been urged against a similar measure for the naval service, and which are due not to the measure itself, but to the manner in which it was effected, are entirely obviated by the proposed mode of applying the retiring system to the Army. I again bring this subject to special notice, and repeat my former recommendations in its favor.

ENLISTED TEAMSTERS.

The importance of a regularly enlisted corps of teamsters has been so long and so often brought to the notice of Congress, that nothing but a deep conviction of its almost absolute necessity induces me to refer to it again. For the want of that authority which enlistment will give, most serious delays have often occurred in starting important trains for the use of the army; and the exigencies of the service, caused by bad faith in performing engagements, have been seized upon by teamsters to exact exorbitant wages from the Government.

The experiments thus far made (and they are pretty full) demonstrate that camels constitute a most useful and economical means of transportation for men and supplies, through the great deserts and barren regions of our interior. A camel will go safely with its burden over ground so rough and precipitous that a mule will scarcely pass over it unladen without assistance. They require no forage but what they gather in the most sterile and barren parts of our continent, and for many days together live conveniently without water. An abundant supply of these animals would, beyond all doubt, enable our army to give greater and prompter protection to our frontiers, and to all our inter-oceanic routes, than three times their cost expended in any other way. As a measure of economy and efficiency, I cannot too strongly recommend the purchase of a full supply to the favorable consideration of Congress.

The report of the surgeon general contains important suggestions for the good of the service. The increase of the medical staff recommended by him has become a necessity, and requires the action of Congress.

The coffee ration of the army is fixed by law, and cannot be altered by any regulation. It is manifestly too small, and ought to be increased. The good of the service requires that the supply of coffee for the army should be put on the same footing with all other rations, and be left to the experience of the service to fix the quantity. I herewith transmit a communication from a surgeon of the army upon this subject, whose recommendations are concurred in by Brevet Major-General TWIGGS.

The reports of Colonel DELAFIELD and Major MORDECAI, of their observations on the military systems of Europe, were submitted to Congress last Session. They contain information of great value to the army and the country, and deserve to be printed without delay.

The efficiency of our artillery has at all times been an object of solicitude to those who have considered its importance. The arm is one for which both study and experience are particularly necessary. Our military establishment is so small that every corps in the army is mainly employed in active service of a general description, and all attention by the troops to any special branch of military science has to be made secondary and incidental. I have endeavored to mitigate the evils of this system so far as the artillery is concerned by prescribing and creating facilities for an habitual discipline in the service of that arm. The corps has been divided into two classes, one to garrison the more important permanent fortifications, where they can have the means of practice in heavy artillery, and the other to occupy posts where troops are required, as on the Indian frontier. Each of the latter has a light company and battery, which are designed to be the means of instruction to the other companies in that branch of the service. A system of theoretical and practical instruction has been prescribed for every artillery post, and by a periodical exchange of companies between the fortifications and field artillery posts, each company will have an opportunity of instruction and experience in all branches of the arm, and at the same time share the hardships of actual service. The proportions in which the two classes should be arranged, and the selection of stations, are questions to be determined according to the exigencies of the service, and may vary from time to time. To companies, excepting those which are mounted, preserve the infantry armament and discipline as heretofore, and are liable to duty in that capacity whenever required.

MILITARY SIGNALS.

Assistant-Surgeon ALBERT J. MYER, of the medical corps of the Army, having submitted to this Department a system of military signals for the purpose of communicating intelligence or orders between distant points on land, a board was convened in March last to examine into its merits. The Board reported favorably to the adoption of this plan for the uses of the Army. A series of experiments with the field-signals, instituted under special instructions from this Department, have developed results which promise to be of value to the service. With an equipment simple, strong, weighing but sixteen pounds, and so compact as to be rapidly carried from place to place by a soldier mounted or on foot, which requires for its use but a single man, communication has been kept up and messages transmitted by day and at night, a distance of fifteen miles. Messages have been sent five miles without any apparatus especially provided for the purpose.

For the distances at which communication by signals would be needed for military uses, the plan proposed appears to be ready and reliable. The trials in progress give reason to believe that by the use of such signals there may be secured to the service a mode of communication more easy, safe, and available than any hitherto known. The advantage to accrue to an army from a practicable system of telegraphing do not require comment.

The benefits which the army and the country are daily deriving from the Military Academy render it unnecessary for me to commend it to the cheerful support of Congress. The adoption of a five instead of the four years' term, which was done by my predecessor, has afforded the means of improving the course of studies, and introducing somewhat more of practical instruction than was previously possible though greatly needed. Some slight modification in the programme of instruction is perhaps needed, so as not to crowd the course too much, and to adjust the different studies in accordance with their relative importance. I am giving attention to that matter now. The subjects of strategy, grand tactics, military organization, and administration, &c., I have thought it particularly desirable to give more importance to, and have taken steps for that object.

EXPENDITURES OF THE DEPARTMENT.

The circumstances connected with the expenditures of the War Department for the present fiscal year have been anomalous, and not free from considerable embarrassment. Until this year, Congress has scarcely ever failed to grant the appropriations asked for by the department, and whilst the country was prosperous, and large sums were received at the treasury, these appropriations were on a liberal and extensive scale.

The estimates for this fiscal year were prepared for the last Congress with the greatest scrutiny and care; large reductions were made in many items of expenditure, and, indeed, all was reduced to the lowest point to which it was thought safe to go, so as to keep the Army upon the footing where it had been placed, and to avoid a deficiency bill, asking for money to defray expenses necessarily incurred beyond the sums appropriated by Congress. This reduced scale of expenditure Congress seemed to think was still greater than the public service required, and an arbitrary reduction of very nearly two millions of dollars was made upon the estimates submitted. From the date of this appropriation until the commencement of the fiscal year, when this reduced scale of expenditure should begin, was so short a time that it involved much difficulty in preparing for it over so wide a space of territory as our army occupied. An essential change in the movement and economy of the army became absolutely necessary, to conform to the policy of Congress, and to avoid a deficiency. The usual expenditures upon barracks and quarters for the troops were greatly diminished, the civil employes in the service were almost entirely dispensed with, and large reductions were made in the expenditure for forage and keep of the animals of the Army, by selling at public auction, after due advertisement in the newspapers, such as were not absolutely essential for the use of the Army.

I have conformed the estimates for the ensuing year to the standard of the last Congressional appropriations, and have, therefore, reduced them very nearly two millions of dollars below those submitted last year, and half a million below the actual appropriations made at the last session of Congress.

In the year 1855, Congress increased the numerical strength of the army by adding to it four regiments, two of which were cavalry. In the year 1857, the pay of the army was increased about thirty per cent. From the two causes the necessary expenditures for the army were largely augmented. This increase arose from a necessity that still continues and was decreed by Congress itself. In addition to these reasons for larger army expenses, the rise in the price of every article of consumption required for its support has also tended to swell the aggregate sum for the maintenance of our army. Neither the strength of the army nor the expenditures for its support and operations have been enlarged in proportion to the growth of the population, the extension of the frontiers requiring defence, or the cost of most articles of military supplies.

To arrive at proper conclusions on this question of expenditures, they must be compared with the service rendered; and, in this view, a comparison with any previous time may be confidently challenged. The present army has work to do which might employ, usefully and actively, five times its numerical force; it does that work effectively, and at a cost certainly not incommensurate with its value and benefit to the country. The whole cost of the army proper, for its entire support and maintenance, reaches the sum of ($13,098,725 72) thirteen millions ninety-eight thousand seven hundred and twenty-five dollars and seventy-two cents. With the help of such legislation as is asked for, the above sum would be materially reduced.

Large sums are necessarily and unavoidably expended every year for objects it is impossible to foresee or estimate for. During the past year the extra expenses incurred for the suppression of Indian hostilities in Washington and Oregon amounted to two hundred and ninety-eight thousand, five hundred and thirty-nine dollars and eleven cents beyond what would have occurred but for these wars. Heavy expenses are likewise incurred for escorts to parties engaged in service not pertaining to the legitimate duties of the army. These sums amounted last year to over seventy thousand dollars; so it will be seen that the expenditure of over three hundred and seventy thousand dollars was imposed upon the War Department for these objects which could not be foreseen.

ORDNANCE, ARMS AND EQUIPMENTS.

I have ordered the estimates from the Bureau of Ordnance to be made mainly in conformity to the policy which the action of the last Congress seemed to indicate by its appropriations. I cannot forbear to express the opinion, however, that to abridge the manufacture of arms is, to say the least, a measure of very doubtful economy, and may prove in the end to be both dangerous and expensive. A foreign war would create an immediate demand for an immense number of arms, probably enough, nearly, to strip all our arsenals and to require the purchase of further supplies from private manufacturers, at whose mercy the Government would be in the emergencies of war.

Besides the manufacture of arms, other expenses are necessarily incurred in experiments and improvements in them which are of the greatest importance to the service of the country. That constant progress in the improvement of arms and other appliances of warfare which has of late characterized the military service of other nations, has been, up to this time, no less active in ours. The experiments which have been in progress for some time past, to ascertain the fitness of iron for the construction of gun-carriages for sea-coast and garrison cannon, have resulted in complete success. They demonstrate the practicability of using iron in place of wood for the fabrication of such carriages, not only to very great advantage in point of economy, but also in quality. The ultimate saving in money to the country by this manufacture can hardly be estimated. Gun-carriages heretofore have not only been expensive, but it has been found impossible to preserve the wood of which they were constructed from decay. So that each gun in all our forts must be remounted once every ten years to be fit for service. The substitution of iron for wood has remedied this perfectly, and the gun-carriage may now be considered as indestructible. Models of wrought iron sea-coast and garrison carriages have accordingly been adopted, and iron will be used in their fabrication hereafter.

Improvement has been introduced, also, in the forms of cannon, greatly increasing their endurance under repeated discharges, and rendering them consequently more reliable for service. In view of the not unfrequent accidents from the bursting of iron cannon, and the disastrous consequences that may result therefrom, it is important that the adopted models should be the best calculated for strength, and that none but the best material should be used in, and the best processes applied to, their fabrication. Experiments to ascertain the best model have been instituted and carried on with satisfactory results. They are still in progress, with special reference to a class of cannon of heavier calibre, for the more complete determination of the best method of distributing the given weight of metal throughout the different parts of the cannon so as to obtain the greatest strength. To secure effectually the best material and mode of fabrication will require the establishment of a national foundry, and I again urge this important measure, and repeat the recommendation, so often heretofore made, for the requisite legislation to effect it.

The subject of rifled cannon and projectiles has received much attention, and careful experiments have been instituted to test a variety of such contrivances. It is not deemed advisable to proceed to the manufacture of such cannon, beyond those required for experimental purposes, until full and fair trials shall have demonstrated, practically, which of the various inventions possesses most advantages, or whether a combination of the advantages peculiar to several of them may not furnish the best Government model.

New patterns of horse equipments for all the mounted troops have been adopted, and their manufacture has been commenced to the extent permitted by the appropriation applicable thereto. It is, however, insufficient to meet the wants of the service in this respect, in consequence of its reduction below the estimate. The new pattern was adopted after careful consideration of the views upon the subject, of experienced officers of the mounted service, taken in connection with the question of the greatest economy compatible with fitness for that service.

The operations at the national armories and the arsenals, in the manufacture of small arms and other supplies pertaining to this branch of the War Department, are stated in detail in the accompanying report of the colonel of ordnance.

I desire to call attention to the existing law for arming and equipping the whole body of the militia of the United States, which was passed in 1808. The provision then made for the purpose remains the same at this day, and is sufficient for its effectual accomplishment. This is evinced by frequent requisitions and urgent applications from State and Territories for advances of arms and equipments beyond their regular quotas.

BREECH-LOADING ARMS.

Under the appropriations heretofore made by Congress to encourage experiments in breech-loading arms, very important results have been arrived at. The ingenuity and invention displayed upon the subject are truly surprising, and it is risking little to say that the arm has been nearly, if not entirely perfected by several of these plans. These arms commend themselves very strongly for their great range and accuracy of fire at long distances; for the rapidity with which they can be fired, and their exemption from injury by exposure to long continued rains. With the best breech-loading arm, one skillful man would be equal to two, probably three, armed with the ordinary muzzle-loading gun. True policy requires that steps should be taken to introduce these arms gradually into our service, and to this end preparations ought to be made for their manufacture in the public arsenals.

NATIONAL DEFENCES.

In the statement B, herewith submitted, will be found an estimate for other objects beside those which pertain to the army proper, although the work is done under the supervision of army officers generally, and the disbursements are made by them. These estimates I have caused to be made in conformity to the appropriation of the last Congress, and to the policy which those appropriations seemed to establish. The policy is founded in a strict economy, and I see no reason to depart from it; but, at the same time, I feel bound to submit the estimates proposed by the Chief Engineer for the prosecution of the sea-coast defences, that Congress may have the data upon which to act understandingly, if they should see fit, in their wisdom, to reverse the policy of their predecessors.

I have seen no cause, however, since the date of my last report to change its suggestions of economy in our system of fortifications. It does not appear necessary to request considerable appropriations for additional masonry works. Such as are not strong enough to offer a good defence against shipping may, when the emergency arises, be reinforced at a small expense by earthen batteries, properly combined with them for mutual support, and of such extent as to give an aggregate armament of sufficient power.

My sentiments are likewise unchanged in regard to the propriety of making some provision to secure our seaports from the attacks of forces that may debark on the coast, and seek to attain them by routes not commanded by the channel forts. I regard the statistics of the combined naval and military operations of the French in the recent Italian war as indications of the correctness of my estimate of our danger from such attacks, and as warranting the renewal of my recommendation to Congress to take steps toward carrying out the plan sketched in my last report for the defence of New-York, in particular, from such attempts. The appended memoir on American Fortification, prepared at my instance by Lieut. MORTON of the engineer corps, explains the details of the plan in question, with the aid of an accurate topographical map. It also contains an analysis of the general subject of coast defence, which I deem worthy of your notice.

It is eminently desirable that our completed permanent forts should be lit with gas, and I recommend that a small appropriation be made to introduce it into the most important ones without delay. By that improvement the risk would be diminished of accidental fires breaking out in the officers' quarters or the barracks, now to be apprehended from the vicinity of the magazines. The introduction proposed may also be recommended on the ground of economy. The post of West Point has been lighted in this manner with satisfactory results.

EXPLORATIONS AND SURVEYS.

A report is presented for the officer in charge of the office of explorations and surveys, exhibiting the operations that have been conducted under this office during the past year.

The military road from Fort Walla-Walla to Fort Benton, for which a special appropriation was made, has been commenced, and nearly two hundred and sixty miles of it completed. Steamboats can navigate the Oregon River to Fort Walla-Walla, and the Missouri River to Fort Benton, thus affording, excepting for the distance of six hundred miles, a line of steamboat communication between the Atlantic and Pacific, across the widest portion of our possessions. Without considering the facilities which the construction of a road over the interval referred to would afford to emigrants traversing that portion of the Continent, in a military point of view it is of great importance. Among the most powerful of the Indian tribes are those which inhabit the regions at either end of the proposed line. To keep these Indians in subjection, to have the means of transporting troops and material rapidly, and at small cost, from one section to the other, and to build up communities on the upper waters of the Oregon and Missouri strong enough to dispense with military protection and to furnish supplies to a column marching over, are objects that render the work a measure of sound economy, if not of necessity itself. A further appropriation for its completion is now necessary. Reliable information has been recently furnished to the Department of the existence of great mineral wealth in the mountains through which a portion of the road passes.

The experiment of sinking artesian wells upon the public lands has been further prosecuted, but still without attaining the desired results, and, the appropriation for the object having become exhausted, it was directed that the work should be suspended. The details of the experiments are set forth in the accompanying reports. It may be considered now as demonstrated that to bring water from subterranean streams, to overflow the surfaces of the great western plains, is, for any reasonable amount of expenditure, impracticable.

An expedition was organized during the past season to explore the country in the vicinity of the San Juan River, of New-Mexico, and to search for a practicable route through that region, between Santa Fé and the southern settlements of Utah. This duty has been completed, but the results have not yet been laid before the Department.

A second expedition was sent into the Territory of Nebraska, to explore certain tributaries of the Yellow Stone, the sources of that river, and of the Missouri. A portion of its labors has been accomplished, and the operations will be resumed in the ensuing Spring.

A large amount of geographical and scientific information has been added, at small cost, through the labors of the different field parties, to our knowledge of the resources of the regions west of the Mississippi. Considerable tracts of country yet remain unknown, and the economy of continuing these explorations is evident, when it is considered that they open the country to travel, develop its mineral and agricultural wealth, shorten, and afford new information concerning emigrant routes, and designate those portions of the wild territory that are susceptible of settlement. Very great benefits to the whole country would be derived, beyond all doubt, by furnishing from the Office of Explorations and Surveys a moderate supply of geological maps of the United States and Territories. An opportunity now presents itself by which the preparation of a complete geological map by some of the ablest men of science in America can be secured at a very reasonable rate of compensation. No similar expenditure would result in anything like an equal benefit to the country at large.

Experience has demonstrated that, to insure the most effective and economical performance of the duties connected with reconnoisances, surveys and explorations, a company of enlisted men, of a similar organization to that of the sappers and miners, should be added to the corps of topographical engineers. These men would be under the command and instruction of the officers of that corps, and would furnish to parties in the field, with a great saving of public money, thoroughly trained assistants, in place of inexperienced employes. I would recommend that such a company, not to exceed fifty in number, should be established by law.

I would respectfully invite your attention to the report of Lieutenant MICHLER, who, under assignment of the War Department, was engaged upon the survey of an interoceanic ship canal near the Isthmus of Darien, *via* the Atrato and Truando rivers. Since his return from the scene of his field operations, considerable progress had been made in the reduction of observations and preparing the maps, until the want of means compelled him to suspend progress and discharge the computers and draughtsmen. The valuable information procured by Lieutenant MICHLER should not be left in its unfinished condition in the archives of the bureau, to prevent which a small appropriation will be required.

The wagon road upon the thirty fifth parallel, reaching from Fort Smith, Arkansas, to the Colorado of the West, is completed as far as the appropriation would do it. It is now sufficient for any travel of troops, military supplies, or immigrants. This route abounds in grass and water; offering very great advantages at this time for travel, which will be still further enhanced when the posts contemplated shall have been added to those already on the line.

UTAH.

Affairs in the Territory of Utah remain very much as at the date of my last annual report. The army is inactive, and stands in the attitude of a menacing force towards a conquered and sullen people. I am satisfied that the preservation of right and justice, through the means of any jurisprudence known or recognized by the people of the United States, is impossible in that Territory. It is governed, practically, by a system which is in total disregard of the laws or Constitution of the land. The laws of the Mormon Church and the will of the hierarchy are alone potential there. Beyond a mere outward show of acquiescence in federal authority, they are as irresponsible to it as any foreign nation.

There is, in the present attitude of affairs, scarcely any necessity for the presence of troops in Utah, and they will be otherwise disposed of in the coming season. There are no complaints of Indian hostilities towards the Mormon people. All other Territories and people upon our vast frontiers suffer from Indian depredations, but the Mormon people enjoy an immunity from all their outrages. For the protection of these people against Indians, there is no necessity for the presence of a single soldier. Murders and robberies of the most atrocious character have been perpetrated in the Territory upon emigrants from the States journeying towards the Pacific, and in some of the most shocking instances by white men disguised as Indians. The general impression, so far as I have been able to ascertain it, amongst those having opportunity to know, is that these murders are the work of the Mormon people themselves, sanctioned, if not directed, by the authority of the Mormon Church.

I cannot commend in terms too high the wise prudence and officer-like conduct of the General commanding the army in Utah. The discipline of his command is admirable, and its efficiency is unsurpassed. Much has been done through the army under command of General JOHNSTON towards improving the roads in Utah, and to give to the public a fuller knowledge of the condition and resources of the Territory. Captain J. H. SIMPSON, of the Topographical Engineers, has, during the past season, explored and opened two new routes from Camp Floyd to California, either of which is about 250 miles shorter than the old emigrant route by the way of the Humboldt River, and far better for grass, wood and water. Over both these routes he conducted a party of sixty-five men and a train of fourteen wagons, and, since his return to Camp Floyd, many emigrants, with large herds of cattle, have passed over the route by which he returned, which is the better of the two. Itineraries for both have been furnished to the public through the Press in California and Utah. The saving of time of travel by these roads to emigrants for California is about fifteen days, and for the mails about four. The saving in stock and draught cattle on these routes over those formerly traveled, owing to pure water and abundant grass, is estimated at twenty-five per cent. Capt. SIMPSON has also, under the instruction of Gen. JOHNSTON, found a new wagon-road pass from the Valley of the Great Salt Lake, by the way of the Timpanagos River Valley and Des Chesnés fork of the Uinta River, into the valley of Green River, which will shorten the route pursued by Col. LORING from Camp Floyd to Santa Fé probably as much as eighty miles; and should a practicable pass be found through the Rocky Mountains, by the way of White River, through the middle part between the head-waters of the Arkansas and the Cache la Poudre, a tributary of the Platte, a wagon-road will be obtained through the Pike's Peak gold region, which will be considerably shorter to the States than any we now have.

OUR TEXAN FRONTIER.

More than the usual amount of disturbance has occurred during the past summer upon nearly the whole line of our Texan frontier. Brevet Major-General TWIGGS, then the commander of that Department, during the early Spring, issued orders for the abandonment of Fort Brown, and the concentration of the troops at other points upon the frontier higher up the Rio Grande. Doubtless that officer supposed that no danger was likely to follow from withdrawing the troops from a point opposite to a large and flourishing Mexican town at a time when we were at peace with that country. The banditti which abound, after plundering some ranchos in the neighborhood, threatened to sack and burn the town of Brownsville. Immediately upon receiving the information of the danger which threatened the inhabitants, a force sufficient for their protection was sent to their defence. There is every reason to believe that tranquillity is restored to that quarter of the State.

The condition of things along the whole extent of our Mexican boundary, some 1,600 miles in length, demands imperatively that Congress should adopt a policy which shall give peace and security to our citizens, and render punishment for crimes committed upon them by Mexican banditti and savages residing within Mexican territory prompt and certain. The chaotic condition of the Mexican Government throughout the northern provinces renders every hope of the restoration of order by public authority utterly vain. Indeed, the local governments, if they deserve the name, encourage and perpetrate many of these wrongs. Our territory has been entered by them, our citizens have been robbed and murdered, whilst the perpetrators of the crimes pass across the borders, and claim immunity from pursuit and chastisement by our troops under the treaty stipulations of peace between the two confederacies. These treaty stipulations, so far as they protect our citizens in the territories of Mexico, are contemned and despised. Our people, either resident or transient in their territories, are imprisoned, robbed and banished, without even the form of trial, and with no more authority than the arbitrary order of some petty usurper who may hold temporarily a local command. This condition of things is no less hurtful to Mexican interests than to our own. Their settlements have rapidly receded before the incursions of the Indian tribes, which, from the anarchy that prevails, they are unable to repel; and in some places deserts many hundred miles in extent have been created by the savages out of settlements once prosperous, happy and secure. These wastes abound in climate, soil and mineral wealth unsurpassed by any on the continent; and instead of affording a home for a thrifty and peaceful population, constitute a harbor and a hiding-place for savages and banditti, where they live securely, and from whence they issue at will to ravage our country and murder our people. Any action of Congress which would remedy this state of things would be a great benefit to the Mexican people and a blessing to our own.

HARPER'S FERRY.

The recent conspiracy and effort at insurrection and plunder attempted at Harper's Ferry constitutes altogether one of the most surprising and startling episodes in the history of our country. A fanatical man, stimulated to recklessness and desperation by the constant teachings and intemperate appeals of wild and treasonable enthusiasts, unrestrained by the Constitution and laws of the land, by the precepts of religion, by the appeals of humanity or of mercy, formed a conspiracy to make a sudden descent upon the people of Harper's Ferry, to rob the arsenal, plunder the public property, and stir up servile insurrection. The plan devised and the mode of executing it were such as to promise every hope of success. The conspirators rented a farm in the State of Maryland, within a few miles of Harper's Ferry, where they remained for some months, apparently following peaceful, probably useful, pursuits; during which time they took effectual means to conciliate the kind feelings of the people of the adjacent country, and particularly those of the village of Harper's Ferry. They became perfectly familiar with all the localities of the place, streets, houses, arsenals and workshops, so that its contemplated seizure might be effected at any hour of the night without confusion or any unusual movement calculated to attract attention or arouse suspicion. They knew, perfectly, the universal and unsuspecting security of the entire population. Up to the night of that attack there never was a man within the Commonwealth of Virginia who went to his bed with the slightest apprehension of danger from attack by citizens of the United States in any numbers, from any region, or for any purpose whatever. The sense of profound security was perfect and absolute. Having also no apprehension whatever of the slave population, (and this assurance was fully justified by the event,) nothing could be more favorable for the consummation of the diabolical designs of the conspirators. Having cut the telegraphic wires, they entered, under the cover of night, unmolested and unobserved, into the village, seized upon the solitary watchman placed at the arsenal as protection against fire only, and possessed themselves, speedily, of all the buildings containing arms, or suitable for defence. The next movement was to seize the principal men of the place, with whom their long residence near there had made them acquainted, and confine them securely under their own control. These arrests were made singly, and in every instance by several perfectly armed men, who conveyed their prisoners to the place of confinement. This process was carried on throughout the night, and extended not only to the village, but to the country around.

When the morning came, and the state of things was partially discovered, the people of the village gathered to the scene of confusion about the arsenal. The conspirators now commenced a fire upon the citizens. Then, for the first time, did the atrocious designs of these men fully appear, and, strange as it may seem, it was only then discovered that the citizens of the place were almost wholly without arms and ammunition of any sort. Presently, however, some arms and ammunition, not in possession of the plunderers, were found, when the men of the village, and those who had assembled from the neighborhood, arming themselves, immediately returned the fire of the assailants with such effect that in the course of a few hours they were driven from their positions, and all either killed or wounded, with the exception of the leader and half a dozen others of his party, who were driven into an engine-house, whither they fled for security. They carried along with them [illegible] twelve of the prisoners they had taken the night before, who were to be used as hostages, as the robe